Feasibility Study of a Potential New Convention Center in the Fox Cities

Presented to the:
Fox Cities Convention & Visitors Bureau
and the
Fox Cities Chamber of Commerce
September 8, 2008

CONVENTIONS SPORTS & LEISURE CSL

Conventions, Sports & Leisure International

September 8, 2008

Ms. Lynn Peters
Executive Director
Fox Cities Convention & Visitors Bureau
3433 West College Avenue
Appleton, Wisconsin 54914

Dear Ms. Peters:

Conventions, Sports & Leisure (CSL) has completed a report related to a feasibility study concerning the potential development of a convention center (Center) in the Fox Cities area. The attached report presents our research, analysis and findings and is intended to assist the Fox Cities Convention and Visitors Bureau (CVB) and Fox Cities Chamber of Commerce (Chamber) in evaluating the viability of Center development.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, data provided by the CVB, 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 Fox Cities area as well as existing interest levels by a new Center's potential base of users. Any significant future changes in the characteristics of the local community, such as growth 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 Center 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.

This report has been prepared for the internal use of the CVB and should not be relied upon by any other party. The report has been structured to assist CVB representatives in evaluating event market demand and the potential financial and economic impact characteristics of a potential Center in Fox Cities 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

CSL International

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EXECUTIVE SUMMARY

Conventions, Sports and Leisure International (CSL) was retained by the Fox Cities Convention and Visitors Bureau (CVB), the Fox Cites Chamber of Commerce (Chamber), and a 13-member Task Force to conduct a feasibility study of a potential new convention center (Center) in the Fox Cities area. This summary outlines the key findings associated with the analysis. The full written report should be reviewed in its entirety to gain an understanding of the study's methods, limitations and implications.

A potential Fox Cities convention center, as envisioned, would act as an economic generator and a public resource for the local community, hosting conventions, conferences, tradeshows, public/consumer shows, meetings and other events of both a non-local and local nature. An important goal of the facility would be to attract non-local events to the Fox Cities area that presently cannot be accommodated by existing local facilities, providing new visitation and related economic impact in the local area.

The methods employed for this study included several site visits, 100 completed telephone interviews with local, state and regional event planners, in-person interviews and focus groups with more than 40 local individuals, analysis of local market conditions, competitive/comparable facilities and host communities, industry characteristics/trends, site/location, and cost/benefit aspects.

Market Demand

From a competitive standpoint, the Fox Cities "destination" has a number of important strengths, including its central location in eastern Wisconsin, driving proximity to several major state markets, perception of safety, and affordability. Appleton's vibrant downtown has many of the "traditional" amenities and characteristics that non-local groups tend to be interested in, such as restaurants, retail, nightlife, entertainment, a "walkable" central business district, and full-service hotel products. Other areas (Neenah, Menasha, Grand Chute, etc.) offer similar and contrasting amenities, providing unique and complementary "mini-destinations" in the overall marketplace. The Fox River Mall and other retail offerings have established the Fox Cities as a well-known regional shopping destination.

For a market its size, the Fox Cities has a relatively strong array of visitor amenities in place that makes it appealing to many small and mid-sized non-local groups, as evidenced by high interest levels from telephone survey respondents (100 individual telephone interviews with state and regional convention planners were completed for this study). In general, the survey of non-local groups suggest strong demand for Fox Cities convention facilities. While a significant percentage of respondents (43 percent) have held an event in the Fox Cities in the past, the analysis suggests a moderate to relatively high level of market demand is currently "unmet" via existing convention product in the marketplace. Guestroom counts and ballroom and meeting space levels at the Radisson Paper Valley Hotel are of sufficient number and size to address the majority of the market. However, the analysis suggests that the facility's lack of an exhibit (or multipurpose) hall is constraining its ability to attract a number of larger events, concurrent events and those with heavy exhibition needs. While the level of rotating events within Wisconsin is larger than the typical U.S. state, there is a relatively strong level of competitive facility product in the state, including continuing development in the Dells area.

If a new stand-alone convention center is developed in the Fox Cities, the market demand analysis suggests that significant competition will likely arise with the conference space at the Radisson Paper Valley Hotel as both would be competing for many of the same events. However, if a public/private partnership is pursued with the Radisson to create a convention center expanding upon the Radisson's existing product, the facility would be expected to attract event levels consistent with or slightly higher than the average comparable facility reviewed in this study.

Site/Location

A total of 11 sites throughout the Fox Cities were identified by the Task Force for consideration. Information was assembled for each of the sites and site visits were conducted. A site matrix analysis was employed and each site was scored across a wide variety of characteristics/attributes that are considered important in supporting a convention center. Ultimately, two sites in downtown Appleton (both near the Radisson and CopperLeaf hotels) ranked the strongest, while two sites near the Fox River Mall in Grand Chute ranked in the next strongest tier. The downtown Appleton locations outperformed other sites due to the strong mix and concentration of traditional visitor amenities that meeting planners and event attendees often find attractive (such as full-service hotel rooms, restaurants, bars, retail, entertainment—all within a "pedestrian-friendly" walking environment).

Building Program, Development Scenarios & Preliminary Construction Costs

Based on the market demand analysis, the supportable building program for a potential Fox Cities convention center includes (1) a multipurpose Exhibit Hall of between 30,000 and 35,000 square feet, (2) a Ballroom of between 12,000 and 15,000 square feet, (3) and breakout meeting rooms comprising between 15,000 and 20,000 square feet. Additionally, the analysis indicates that at least 350 quality, full-service hotel rooms will be required within close walking distance of the convention center. Interestingly, the ballroom, meeting room and hotel guestroom levels at the Radisson meet or exceed the market supportable levels, with the exception of the Exhibit Hall, which is the single missing component.

As such, the following three development scenarios were evaluated for further analysis:

- Scenario 1: Public/Private Partnership (Radisson)
  - Public sector would purchase site, fund construction of exhibit hall and related infrastructure
  - Radisson would operate at own risk/gain
  - Preferred site, greatest marketability, limited competition issues
- Scenario 2: Public/Private Partnership (Other New Hotel)
  - Public sector would purchase site, fund construction of entire convention center (exhibit, meeting and ballroom space) and related infrastructure
  - New full-service hotel (at least 300 rooms) will operate at own risk/gain
  - Additional incentive likely required to secure hotel partner
  - Lower ranked site/location, significant competition with Radisson
- Scenario 3: Stand-Alone Convention Center
  - Public sector would purchase site, fund construction of entire convention center (exhibit, meeting and ballroom space) and related infrastructure
  - Public sector will own and operate Center (or contract 3rd party mgmt.)
  - New full-service hotel (at least 300 rooms) will be developed within close proximity
  - Lower ranked site/location, possible incentive to secure hotel, significant competition with Radisson, ongoing operating obligation for public sector

The following exhibit presents the estimated order-of-magnitude development costs that have been assumed to be borne by the public sector to facilitate the development of a convention center under each of the three scenarios. Importantly, architectural design and site/infrastructure analysis will be required to fully estimate ultimate development costs.

	Scenario 1: Radisson Partner	Scenario 2: Other Hotel Partner	Scenario 3: Stand-alone Conv. Center
Exhibit SF	30,000	30,000	30,000
Ballroom SF	0	12,000	12,000
Meeting SF	0	15,000	15,000
Total Sellable SF	30,000	57,000	57,000
Approx. Support/Other SF	15,000	57,000	57,000
Approx. New Facility SF	45,000	114,000	114,000
Assumed Hard Construction Cost Per GSF	$300	$270	$270
Hypothetical Hard Construction Costs	$13,500,000	$30,780,000	$30,780,000
Assumed Soft Costs	$4,050,000	$9,234,000	$9,234,000
Assumed Site and Infrastructure Costs	$7,500,000	$5,000,000	$5,000,000
Hypothetical Total Development Costs	**$25,050,000**	**$45,014,000**	**$45,014,000**

As shown, assumed development costs are significantly lower under Scenario 1 due to the need to only add exhibit space and related support space to the existing Radisson (rather than develop exhibit, meeting and ballroom space elsewhere in the community). In addition, a new full-service hotel will be required under both Scenarios 2 and 3 and these costs have not been included in the analysis shown above. Construction costs for new full-service hotels vary widely depending on type, size, brand and market; however, for planning purposes, it could be useful to consider a project ranging between $45 and $60 million ($150,000 to $200,000 per key @ 300 rooms). While most of the costs related to developing a new full-service hotel would potentially be funded by a private sector developer, it is considered very likely that an incentive would be required by the public sector to facilitate interest by private developers/operators to enter the Fox Cities market in today's climate.

Benefits Versus Costs

The ability of a convention center to generate new spending and associated economic and tax impacts in a community is often one of the primary determinants regarding a decision to invest in the development and operation of such a facility. Beyond generating new visitation and associated spending in local communities, convention centers also benefit a community in other important ways, such as providing a venue for events and activities attended by community members.

A detailed analysis was conducted concerning the event capture, utilization levels, financial operations and the economic impacts associated with a convention center under each of the three development scenarios. Specific reductions were made to only focus on "net new" economic impacts generated by visitors (convention center attendees not residing in the Fox Cities) that represent incremental economic activity over what is currently being attracted to the Radisson (as the area's largest convention facility). Furthermore, under Scenarios 2 and 3, potential "negative" effects on the Radisson's operations (relating to event/room night cannibalization) were not specifically considered under this analysis.

The exhibit below presents a summary of the assumed and estimated costs and benefits associated with each of the three development scenarios reviewed.

	SCENARIO 1	SCENARIO 2	SCENARIO 3
Assumed Development/Implementation Costs			
Hard Construction Costs	$13,500,000	$30,780,000	$30,780,000
Soft Construction Costs	4,050,000	9,234,000	9,234,000
Site / Infrastructure Costs	7,500,000	5,000,000	5,000,000
Potential Hotel Project Incentive	0	5,000,000	5,000,000
Total Development/Implementation Costs	**$25,050,000**	**$50,014,000**	**$50,014,000**
Annual Costs			
Debt Service (30 yrs @ 6.0%)	$1,820,000	$3,633,000	$3,633,000
Annual Operating Subsidy	0	0	530,000
Capital Reserve Funding	0	153,900	153,900
Incremental CVB Marketing	100,000	100,000	150,000
Total Annual Costs	**$1,920,000**	**$3,886,900**	**$4,466,900**
Annual Economic Output (NET NEW)	**$8,429,085**	**$7,623,074**	**$7,630,827**
Annual Benefit to Cost Ratio	**4.39**	**1.96**	**1.71**

As shown above, the assumed development and implementation costs have been isolated. Hard and soft construction costs are lower for Scenario 1 due to the necessity to only construct a multipurpose exhibit hall to meet the supportable building program. Additionally, it is believed that an "incentive" would be required by the public sector to secure one or more private partners to develop and operate a new full-service hotel under Scenarios 1 and 2. For purposes of this analysis, an upfront incentive of $5 million was assumed; however, the incentive amount may, in fact, ultimately need to be larger to meet the return-on-investment requirements of the private investors.

Building on these assumed total public sector costs, annual public sector cost figures were generated, which included debt service assumptions, annual operating subsidy, annual capital reserve funding (0.5 percent of hard construction costs—assumed to be absorbed by the Radisson under Scenario 1), and incremental CVB marketing funding requirements.

Specifically, it is estimated that a stand-alone convention center (Scenario 3) would generate an annual operating deficit of approximately $530,000, which would need to be annually subsidized by the public sector. A financial operating analysis was not completed for either Scenario 1 or 2, as the operations of the convention center under these scenarios would be controlled by the hotel and would be fully integrated with the hotel business unit (and therefore, a hotel study would be required to develop an operating proforma). However, it is believed that substantial operating efficiencies would be present under the hotel partnership model, including shared overhead and staffing amongst the hotel and convention space components. These efficiencies typically lead to a substantially lower "operating burden" than under the stand-alone model and, coupled with the ability of the convention space to drive additional group demand for the hotel, these types of partnerships are often advantageous for the hotel partner (particularly if construction and site costs are funded by the public sector).

Overall, this analysis reveals a substantially higher level of benefits to costs for Scenario 1 (partnership with the Radisson). It is believed that a unique opportunity exists to work in partnership with the area's largest, established hotel/conference center product to create a convention center solution for the Fox Cities that will drive new visitation and generate new economic impacts for the community.

1.0. INTRODUCTION

Conventions, Sports and Leisure International (CSL) was retained by the Fox Cities Convention and Visitors Bureau (CVB) and the Fox Cities Chamber of Commerce (Chamber), overseen via a 13-member Task Force, to conduct a feasibility study of a potential new convention center (Center) in the Fox Cities area of Wisconsin. This report outlines the key findings associated with the analysis of local market conditions, competitive/regional facilities and host communities, market demand, supportable facility program and development scenarios, event levels, site/location issues, preliminary construction costs, financial operations and economic impacts.

A new Fox Cities convention center, as envisioned, would act as an economic generator and a public resource for the local community, hosting conventions, conferences, tradeshows, public/consumer shows, meetings and other events of both a non-local and local nature. An important goal of the facility would be to attract non-local events to the area that presently cannot be accommodated by existing local facilities, providing new visitation and related economic impact in the local area.

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

- ✓ Experience garnered through more than 400 event facility projects throughout the country.
- ✓ Local market visit at the outset of the project, including community and site tours.
- ✓ In-person interviews/meetings with more than 40 Fox Cities area individuals.
- ✓ Research and analysis of local market conditions and regional and national trends.
- ✓ Analysis of facility data obtained from 14 comparable facilities and an assessment of competitive/regional facilities.
- ✓ Comparative analysis of socioeconomic data from competitive/regional and comparable facility markets.
- ✓ Completed telephone interviews with 100 planners of state and regional conventions, conferences, exhibitions and meetings, representing more than 150 individual events.

The overall purpose of this study is to evaluate the feasibility of a potential new Fox Cities convention center. Conclusions of a project's feasibility can be assessed in various ways, including:

- <u>Market feasibility</u> – the facility's ability to attract and support levels of event activity and patronization that are consistent with or in excess of industry standards.
- <u>Financial feasibility</u> – the ability of the facility to "break-even" or generate an operating profit focusing only on direct facility-related operating revenues and expenses.
- <u>Economic spending</u> – the facility's ability to generate new spending activity in the local community (i.e., direct and indirect spending that is attributable to out-of-town visitors that would not otherwise occur in the local area).
- <u>Tax generation</u> – the ability of the facility to generate new tax revenue for the local area (i.e., tax revenue resulting from direct, indirect and induced spending that is attributable to out-of-town visitors that would not otherwise occur in the local area).
- <u>Costs/benefits/return on investment</u> – the facility's ability to generate new revenues (i.e., from taxes, operating income and ancillary facility-related revenues, etc.) in excess of

quantifiable facility-related costs (i.e., construction costs, operating costs, marketing costs, public sector contribution, etc.).

- Intangible benefits/public good – the ability of the facility to represent an important resource for the local community, regardless of financial or economic concerns. These types of benefits add to the local community's "quality of life" in the same way that libraries, museums and recreational parks do, without consideration of the economic impacts that the facility might generate.

When evaluating the feasibility of a public assembly facility, such as convention centers, communities throughout the country have differed in the specific criteria that best reflects the definition of "feasible" for their community. For instance, one community may focus more on the ability of the project to be operationally self-supportive or require below a certain threshold of public sector contribution, rather than the intangible "public good" aspects the project would provide local residents at a higher level of upfront or ongoing public sector participation. The research, data, information and analysis provided through this study is intended to allow the CVB and other community constituents to draw their own informed conclusions concerning the "feasibility" of a new convention center in the Fox Cities area.

2.0. ANALYSIS OF LOCAL MARKET CONDITIONS

The strength of the local market, in terms of its socioeconomic attributes, can provide an indication of a community's ability to draw and accommodate large numbers of convention, conference, tradeshow, consumer show, meeting and other event attendees. A community's hospitality infrastructure in terms of hotels, restaurants, entertainment, transportation amenities and other such factors contribute heavily to the potential success of a convention facility.

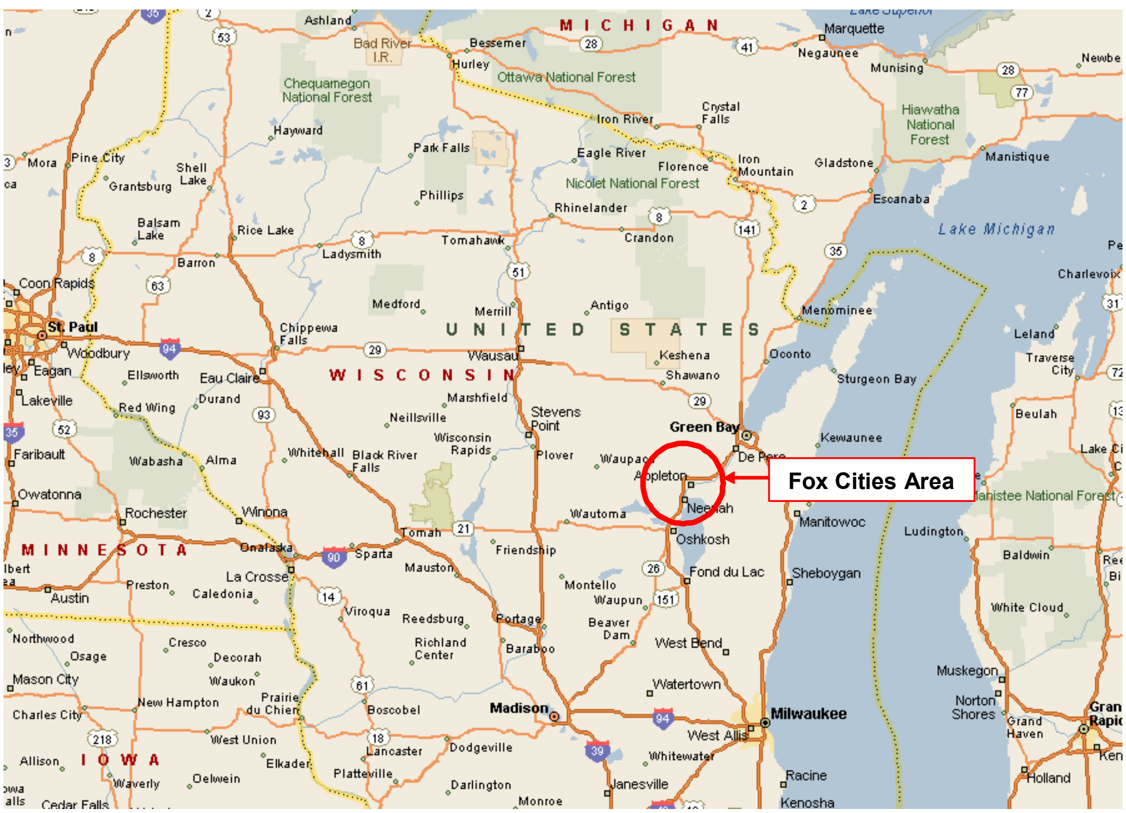
An analysis of these attributes was conducted as they relate to a potential new convention center in Fox Cities. Specifically, the analysis of existing local market conditions addresses the following areas:

- Location and transportation.
- Demographics.
- Lodging and event facilities.
- Attractions.
- Local market issues and conclusions.

Location and Transportation

Exhibit 1 illustrates the location of the Fox Cities area and its proximity to other markets in Wisconsin.

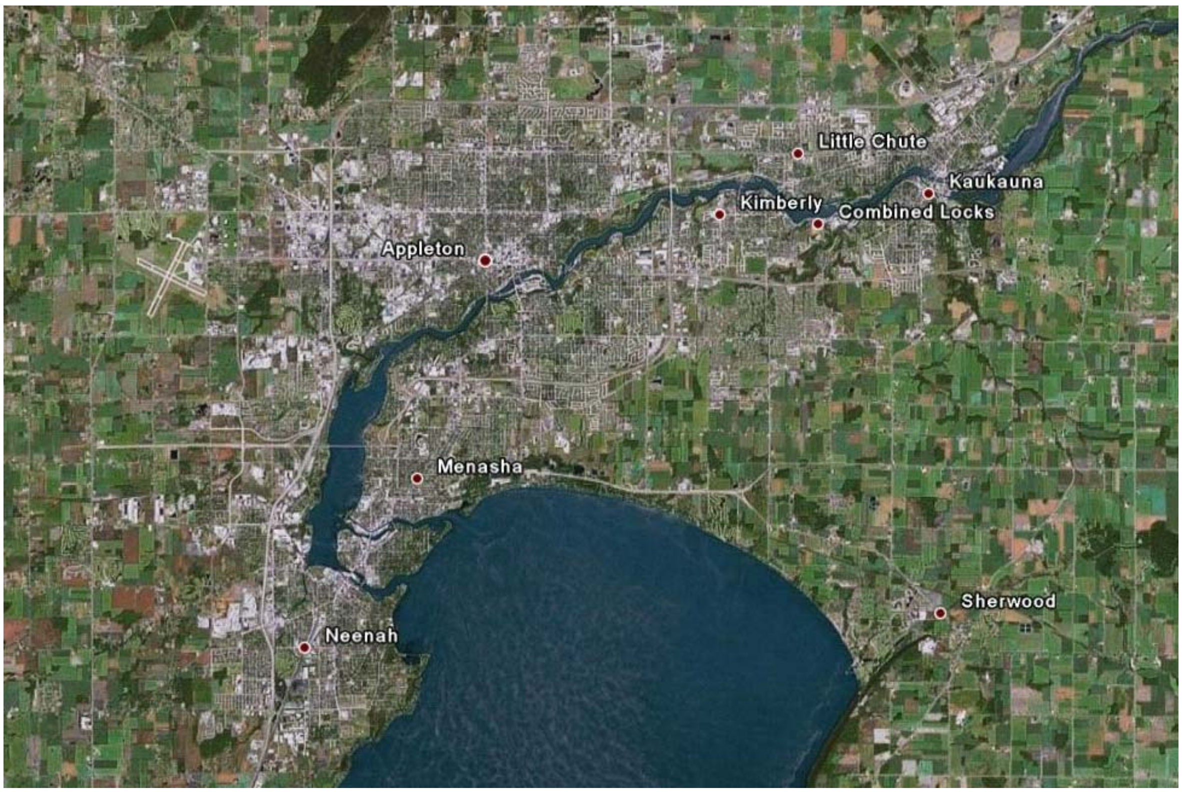
Exhibit 1
Location & Transportation – Roadways/Nearby Cities



Source: Microsoft MapPoint.

The Fox Cities community is comprised of 18 municipalities, including the cities of Appleton, Menasha, Kaukauna and Neenah, towns of Buchanan, Clayton, Freedom, Grand Chute, Greenville, Harrison, Kaukauna, Menasha, Neenah and Vandenbroek and villages of Hortonville, Kimberly, Little Chute, Sherwood and Combined Locks. Exhibit 2 shows an aerial view of the Fox Cities area, highlighting a few of the aforementioned municipalities.

Exhibit 2
Location & Transportation – Fox Cities Municipalities



Source: Google Earth

Exhibit 3 summarizes the approximate driving distance in road miles to select regional markets from the four incorporated cities in the Fox Cities area. As shown, Green Bay is located just a half hour drive from the Fox Cities area, while the cities of Madison and Milwaukee are a two-hour drive south.

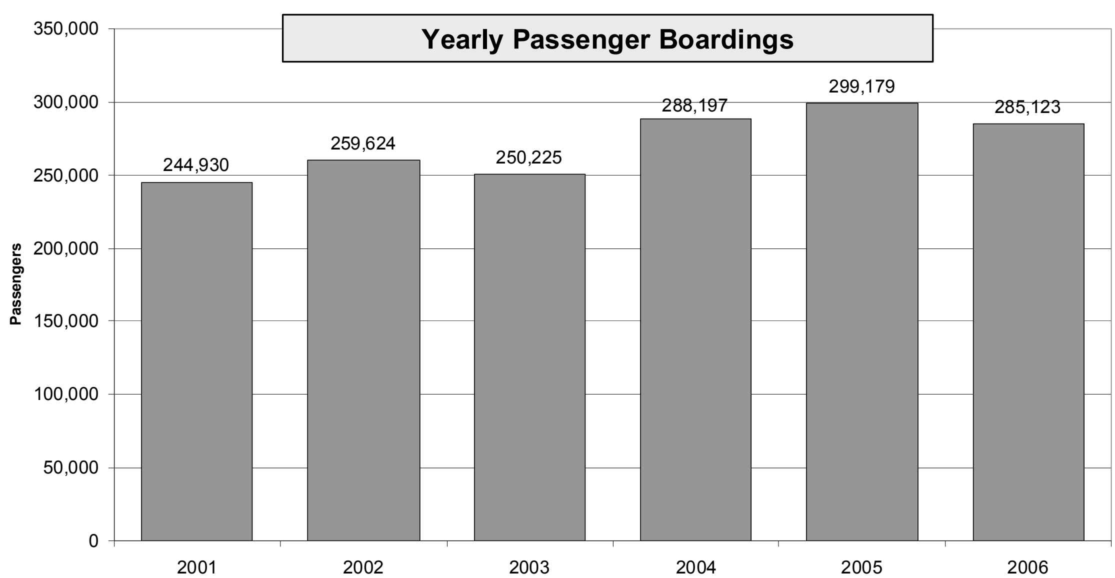
Exhibit 3
Location & Transportation – Driving Distance

City, State	Driving Distance (in miles) from Appleton	from Kaukauna	from Menasha	from Neenah
Green Bay, WI	30	22	35	39
Madison, WI	106	117	104	98
Milwaukee, WI	108	118	105	100
Rockford, IL	170	180	167	162
La Crosse, WI	172	183	170	165
Chicago, IL	195	206	193	188
Eau Claire, WI	200	208	198	198
Cedar Rapids, IA	271	283	270	264
Minneapolis, MN	285	292	282	282
Springfield, IL	360	372	359	353
Indianapolis, IN	378	389	375	370
Des Moines, IA	400	412	399	394
Sioux Falls, SD	465	475	461	456

Source: Mapquest.com

Exhibit 4 outlines the historical traffic at Outgamie County Regional in terms of annual passengers boarded. After a slight dip in 2003, Outgamie County Regional Airport experienced an increase in passengers the following two years, reaching nearly 300,000 enplanements in 2005.

Exhibit 4
Location & Transportation – Outgamie County Regional Airport



US Airport Rank:	155	150	154	153	152	152

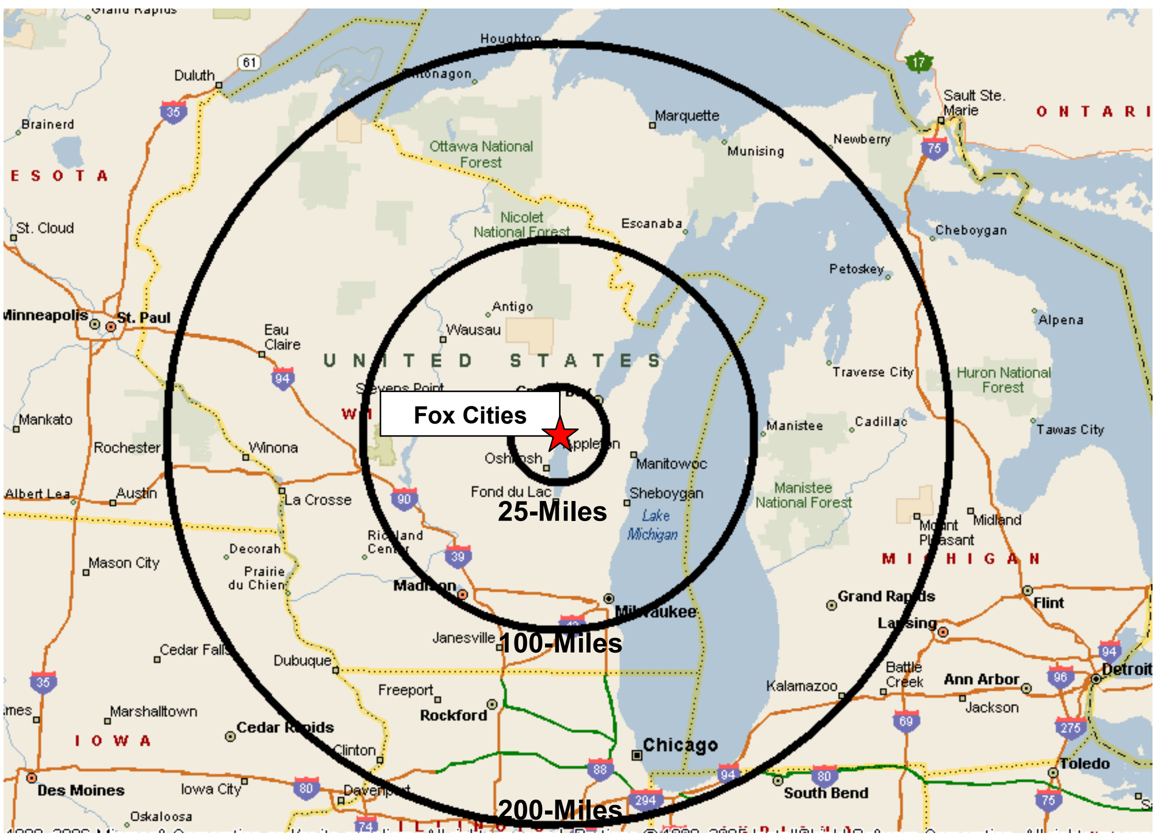
Source: FAA, 2007.

Demographics

An important component in assessing the potential success of a potential new Fox Cities convention center is the demographic and socioeconomic profile of the local area. Specific demographic and socioeconomic information that can provide an indication of the ability of a market to support a convention center includes population, age, household income and corporate base. Promoters/planners of certain events such as public/consumer shows (and other events that tend to draw largely from the local driving area) often consider these factors when selecting the appropriate markets for their events. Likewise, the proximate corporate base to a convention facility is often an important indicator of the ability of a facility to attract corporate event activity.

Exhibit 5 demonstrates the markets and land area captured within 25-, 100- and 200-mile concentric rings around the largest city in the Fox Cities area, Appleton. These rings will be utilized throughout the report while analyzing and comparing demographic and socioeconomic variables.

Exhibit 5
Demographic Rings



Source: Microsoft MapPoint.

On the following page, Exhibit 6 provides a summary of key demographic characteristics estimated for Fox Cities core based statistical area (CBSA), markets captured in 25-, 100-, and 200-mile concentric rings around the city of Appleton, the state of Wisconsin and a United States benchmark.

Exhibit 6
Demographics – Fox Cities Area

Demographic Variable	Fox Cities CBSA	25-Mile Ring	100-Mile Ring	200-Mile Ring	State of Wisconsin	U.S.
Population (1990)	174,801	470,884	3,202,409	15,566,705	4,891,769	248,709,873
Population (2000)	201,602	534,019	3,464,386	17,198,172	5,363,675	281,421,906
Population (2007 est.)	218,408	565,130	3,572,685	17,897,277	5,585,108	301,045,522
% Change (1990-2007)	*24.9%*	*20.0%*	*11.6%*	*15.0%*	*14.2%*	*21.0%*
Population (2012 est.)	229,517	585,871	3,642,046	18,323,395	5,727,303	314,920,978
% Change (2007-2012)	*5.1%*	*3.7%*	*1.9%*	*2.4%*	*2.5%*	*4.6%*
Avg. Household Inc. (1990)	$38,048	$36,515	$36,061	$39,722	$35,179	$38,453
Avg. Household Inc. (2000)	$58,168	$55,694	$54,765	$59,960	$53,863	$56,644
Avg. Household Inc. (2007 est.)	$70,008	$65,836	$64,671	$69,612	$63,944	$66,670
% Change (1990-2007)	*84.0%*	*80.3%*	*79.3%*	*75.2%*	*81.8%*	*73.4%*
Avg. Household Inc. (2012 est.)	$77,908	$72,955	$71,503	$76,310	$70,901	$73,741
% Change (2007-2012)	*11.3%*	*10.8%*	*10.6%*	*9.6%*	*10.9%*	*10.6%*
Median Age (2007, in years)	37.0	36.8	37.9	36.4	38.0	36.6

Source: Claritas Inc. 2007; U.S. Census Data 2000.

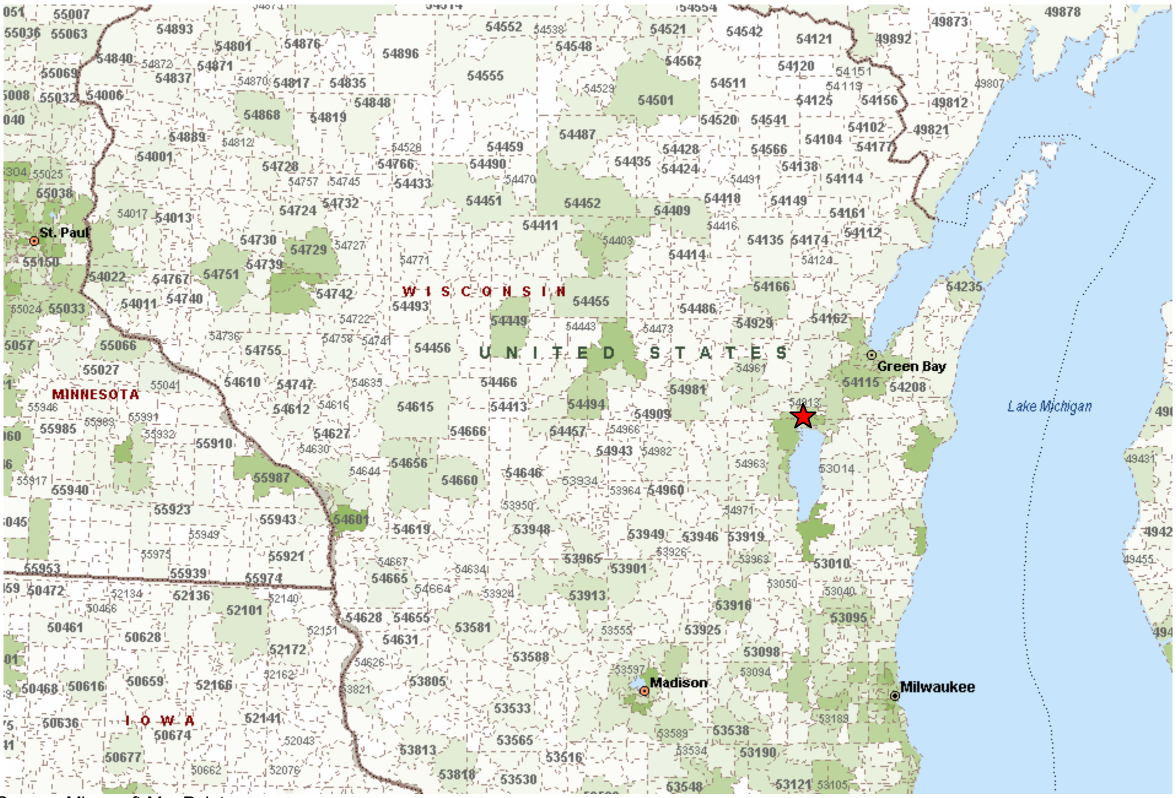
As shown above, the population of the Fox Cities CBSA was approximately 201,600 in 2000, while future projections based on U.S. Census data estimate Fox Cities' population to be approximately 218,400 and 229,500 in 2007 and 2012, respectively.

The estimated population within 25 miles of Appleton was approximately 565,100 in 2007, while the 100- and 200-mile rings were estimated at 3.6 million and 17.9 million, respectively. Within the 200-mile ring, the figure includes the population residing in the majority of Wisconsin, northern Illinois and portions of Michigan, Iowa and Minnesota. Population growth in Fox Cities over the past 17 years has been higher than that of the rest of Wisconsin and United States.

Further, the average household income in Fox Cities has grown over the last 17 years at a rate slightly higher than the rest of Wisconsin and the United States. In 1990, the average household income in Fox Cities CBSA was approximately $38,000, which was just $400 less than the average U.S. household income. Currently, Fox Cities' average household income is estimated to approximate $70,000, which is over $3,300 more than the average U.S. household income. Compared to the other areas analyzed, the Fox Cities' median age of 37.0 is similar to the rest of Wisconsin and the United States median age.

In Exhibit 7, the density of population in Wisconsin is presented, contrasted by density by zip codes.

Exhibit 7
Demographics – Population Density by Zip Code



Source: Microsoft MapPoint.

As represented in the exhibit, the population within Wisconsin is heavily concentrated around the Madison, Milwaukee, Green Bay and Fox Cities market areas. Other areas of concentration reside around the cities of Oshkosh, Eau Claire, Wassau, Rhinelander and La Crosse. It should be noted, however, that certain zip code areas within Wisconsin have a sizable difference in the land area covered, providing a somewhat deceiving population density indications.

Exhibit 8 presents key demographic information regarding the four primary cities in Fox Cities.

Exhibit 8
Demographics – Fox Cities Area Cities

Demographic Variable	Appleton City	Kaukauna City	Menasha City	Neenah City
Population (1990)	66,553	12,371	14,999	24,174
Population (2000)	70,087	12,983	16,331	24,507
Population (2007 est.)	69,756	14,905	15,864	24,403
% Change (1990-2007)	*4.8%*	*20.5%*	*5.8%*	*0.9%*
Population (2012 est.)	69,514	16,105	15,635	24,404
% Change (2007-2012)	*-0.3%*	*8.1%*	*-1.4%*	*0.0%*
Avg. Household Inc. (1990)	$38,536	$32,571	$32,273	$39,117
Avg. Household Inc. (2000)	$57,753	$47,882	$48,258	$59,709
Avg. Household Inc. (2007 est.)	$68,531	$57,013	$56,851	$65,363
% Change (1990-2007)	*77.8%*	*75.0%*	*76.2%*	*67.1%*
Avg. Household Inc. (2012 est.)	$76,041	$63,067	$62,536	$71,704
% Change (2007-2012)	*11.0%*	*10.6%*	*10.0%*	*9.7%*
Median Age (2007, in years)	36.1	37.7	35.9	37.2
No. of Business Establishments	3,373	519	783	1,160
No. of Employees	54,471	7,123	15,213	20,800

Source: Claritas Inc. 2007; U.S. Census Data 2000.

As shown, while the city of Appleton is the largest city in the Fox Cities area with a current year estimated population of 69,800, Kaukauna is estimated to have experienced the greatest growth in the last 17 years, with an increase of 20.5 percent. The city of Appleton has the highest current year average household income figure of $68,500 and Menasha has the lowest household income figure of $56,900. Similarly, the city of Appleton has witnessed the largest percentage change increase in the last 17 years, and is expected to have the highest increase of average household income in the upcoming five years.

The number of business establishments varied among the municipalities, with Kaukauna having the lowest inventory of establishments of 500, while Appleton has the highest inventory of business establishments with 3,400.

Exhibit 9 presents a further comparison of demographics, pertaining to the number of household within the incorporated cities of the Fox Cities area, categorized by ethnicity.

Exhibit 9
Demographics – Fox Cities Area Cities

Demographic Variable	Appleton City	Kaukauna City	Menasha City	Neenah City
Households by Ethnicity				
White/Caucasian	25,473	5,751	6,626	9,667
African American	259	11	38	25
Hispanic/Latin American	642	24	236	178
Asian	729	57	64	58
American Indian/AK Native	139	43	36	72
Native Hawaiian/Polynesian	5	2	0	0
Other	181	31	25	65
Total Households	**27,428**	**5,919**	**7,025**	**10,065**
Households by Ethnicity				
White/Caucasian	*92.9%*	*97.2%*	*94.3%*	*96.0%*
African American	*0.9%*	*0.2%*	*0.5%*	*0.2%*
Hispanic/Latin American	*2.3%*	*0.4%*	*3.4%*	*1.8%*
Asian	*2.7%*	*1.0%*	*0.9%*	*0.6%*
American Indian/AK Native	*0.5%*	*0.7%*	*0.5%*	*0.7%*
Native Hawaiian/Polynesian	*0.0%*	*0.0%*	*0.0%*	*0.0%*
2+ Races	*0.7%*	*0.5%*	*0.4%*	*0.6%*
Other	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Source: Claritas Inc. 2007; U.S. Census Data 2000.

As shown, of the 27,400 households in Appleton, over 90 percent of them are of White/Caucasian ethnicity. This high percentage is common among the individual cities, all having over 90 percent of their households being of White/Caucasian ethnicity. Following White/Caucasian, the second and third largest categories in terms of percentage of households in the Fox Cities is Hispanic/Latin American and Asian.

The populations among the four main cities in the Fox Cities area are presented in Exhibit 10, broken apart by age.

Exhibit 10
Demographics – Fox Cities Area Cities

Demographic Variable	Appleton City	Kaukauna City	Menasha City	Neenah City
Population by Age				
Younger than 10	9,003	1,839	2,039	3,109
10-19	10,216	2,133	2,050	3,469
20-29	9,767	2,023	2,287	3,282
30-39	9,806	1,917	2,603	3,297
40-49	11,353	2,469	2,578	4,131
50-59	8,940	1,890	1,913	3,187
60-69	4,763	1,061	1,079	1,740
70-79	3,161	772	755	1,192
80 and Older	2,747	801	560	996
Total Population	**69,756**	**14,905**	**15,864**	**24,403**
Population by Age				
Younger than 10	*12.9%*	*12.3%*	*12.9%*	*12.7%*
10-19	*14.6%*	*14.3%*	*12.9%*	*14.2%*
20-29	*14.0%*	*13.6%*	*14.4%*	*13.4%*
30-39	*14.1%*	*12.9%*	*16.4%*	*13.5%*
40-49	*16.3%*	*16.6%*	*16.3%*	*16.9%*
50-59	*12.8%*	*12.7%*	*12.1%*	*13.1%*
60-69	*6.8%*	*7.1%*	*6.8%*	*7.1%*
70-79	*4.5%*	*5.2%*	*4.8%*	*4.9%*
80 and Older	*3.9%*	*5.4%*	*3.5%*	*4.1%*

Source: Claritas Inc. 2007; U.S. Census Data 2000.

As shown, the majority of population within the cities is under the age of 60. The age group with the highest percentage of population in the cities of Appleton, Kaukauna and Neenah is between 40 and 49, while Menasha's population is mostly between the ages of 30 to 39.

The number of corporations in a market is an important characteristic to evaluate when determining the viability of a convention center, as it would be expected that some events would represent local event activity such as corporate meetings, banquets, conferences and training, as well as through the purchase of tickets to spectator events, in addition to the facility's potential advertising and sponsorship opportunities. 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.

Based on information provided by the Fox Cities Chamber of Commerce and the Business Journal Book of Lists, Exhibit 11 lists the largest employers in the Fox Cities area ranked by estimated number of employees.

Exhibit 11
Demographics – Fox Cities Top Employers

Manufacturer Employers	No. of Employees
Kimberly-Clark	4,300
Appleton	2,500
Plexus Corp.	2,200
Banta Corp.	1,850
Pierce Manufacturing Inc.	1,500
International Paper	1,475
Miller Electric Manufacturing Co.	1,400
SCA Tissue North America	1,260
McCain Snack Foods	1,250
Menasha Corp.	1,172
Presto Products Co.	1,050
Neenah Foundry	1,000
Valley Packaging Industries, Inc.	950
Appleton Coated, LLC	842
J.J. Keller & Associates, Inc	800

Principle Employers	No. of Employees
ThedaCare Inc	5,000
Affinity Health System	4,300
Thrivent Financial for Lutherans	1,719
Appleton Area School District	1,724
Outagamie County	1,200
Winnebago County	1,200
Appleton Education Association	1,054
City of Appleton	1,001
Neenah Joint School District	790
Fox Valley Technical College	754
The Guardian Life Insurance Company of America	710
Air Wisconsin Airlines Corporation	500
M&I Marshall & Ilsley Bank	500
Lawrence University	471
Menasha Joint School District	457
YMCA of the Fox Cities	410

Source: Fox Cities Chamber of Commerce; Business Journal Book of Lists, 2006.

Local Hotel and Event Facility Inventory

As previously mentioned, a community's hospitality infrastructure, in terms of hotels, restaurants, entertainment infrastructure and other such factors, contributes heavily to the potential success of a convention center. The marketability of a convention center increases when there exists a support of amenities and infrastructure within close proximity.

This supporting hospitality infrastructure also plays a key role in generating the desired economic impact of added convention space. A paramount component of this hospitality infrastructure is the local inventory of quality hotel properties.

As shown by Exhibit 12, there are approximately 28 lodging properties in the Fox Cities area with 50 or more rooms.

Exhibit 12
Primary Fox Cities Hotels

Facility	City, St	Rooms	Airport Shuttle	Breakfast	Children Free	Fitness Facilities	Handicapped	Internet	Lounge	On-site Laundry	Pets	Pool	Restaurant	Whirlpool Rms	Smoke Free	Suites	Whirlpool
Radisson Paper Valley	Appleton, WI	388	●			●	●	●	●			●	●			●	●
Holiday Inn Select	Appleton, WI	228	●		●	●	●	●	●	●		●	●	●			●
Comfort Suites-Comfort Dome	Appleton, WI	130	●	●	●	●	●	●	●	●	●	●			●	●	●
Hilton Garden Inn	Kimberly, WI	125			●	●	●	●	●	●		●	●				●
Hampton Inn Fox River Mall	Appleton, WI	123	●	●	●	●	●	●				●					●
Extended Stay America	Appleton, WI	107			●		●	●		●	●						
Holiday Inn Neenah Riverwalk	Neenah, WI	107	●		●	●	●	●	●	●	●	●	●			●	●
Country Inn & Suites	Appleton, WI	106	●	●	●	●	●	●		●	●	●		●		●	●
Best Western Midway Hotel	Appleton, WI	105	●	●	●	●	●	●	●	●	●	●	●	●		●	●
Cambria Suites	Appleton, WI	105	●		●	●	●	●	●	●		●	●		●	●	●
Exel Inn	Appleton, WI	104		●		●	●			●	●						
Road Star Inn	Appleton, WI	102	●	●	●		●	●		●	●					●	
La Quinta Inn & Suites	Appleton, WI	98	●	●	●	●	●	●	●	●	●	●	●			●	●
Best Western Bridgewood Resort Hotel	Neenah, WI	95	●	●	●	●	●	●	●	●		●	●	●	●	●	●
La Quinta Inn	Appleton, WI	83	●	●	●					●	●	●				●	
Candlewood Suites	Appleton, WI	82	●		●	●	●	●		●	●					●	
Settle Inn & Suites Appleton	Appleton, WI	81	●	●	●	●	●	●		●		●		●	●	●	●
Super 8 Motel	Appleton, WI	81		●	●	●	●	●		●							
Wingate by Wyndham	Appleton, WI	80	●	●	●	●	●	●				●					●
Microtel Inn & Suites	Appleton, WI	79		●	●	●	●				●					●	●
CopperLeaf Boutique Hotel & Spa	Appleton, WI	73	●	●	●	●	●	●	●				●	●	●	●	●
Country Inn & Suites of Little Chute	Little Chute, WI	66		●	●	●	●	●	●	●		●		●	●	●	●
Residence Inn by Marriott	Appleton, WI	66		●	●	●	●	●		●	●	●			●	●	●
AmeriHost Inn	Kimberly, WI	63		●	●	●	●	●				●				●	●
Fairfield Inn	Appleton, WI	63		●	●		●	●			●	●			●	●	●
Americinn of Appleton	Appleton, WI	62		●	●	●	●	●		●		●				●	●
Parkway Inn and Suites	Appleton, WI	52			●			●	●	●	●					●	
Days Inn of Fox Cities	Neenah, WI	51		●	●		●					●					●

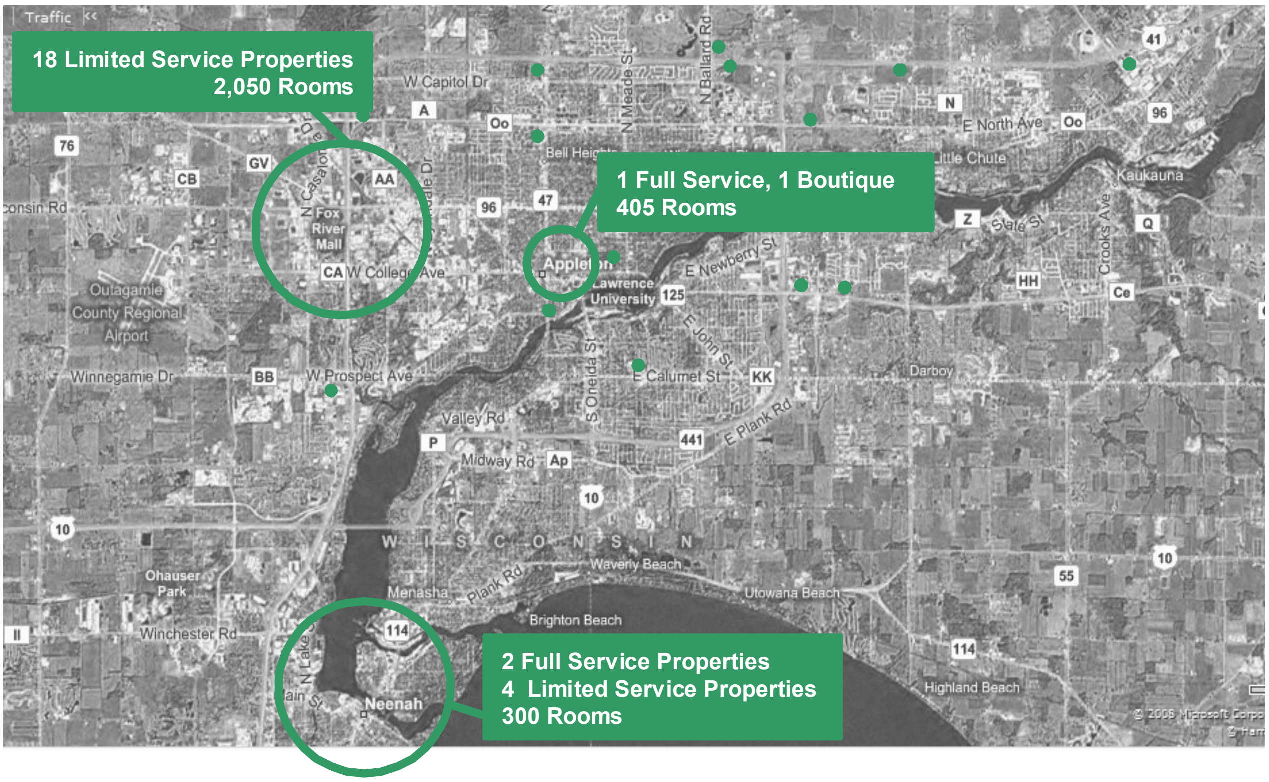
Total Estimated Fox Cities Hotel Room Inventory = 3,112 Guestrooms

Note: only hotels with 50 or more rooms are displayed.
Source: Fox Cities Convention & Visitors Bureau, 2008.

As shown in the exhibit, it is estimated that the Fox Cities area offers in excess of 3,100 hotel guestrooms. Approximately two-thirds are located near the Fox River Mall in the Town of Grand Chute (associated with the city of Appleton, as shown above). In general, the vast majority of properties located near the Fox River Mall are considered "limited-service" hotels (i.e., lacking on-site restaurant/food service, substantial levels of meeting space, and other amenities typical of "full-service" hotels). The largest hotel property in the Fox Cities is the Radisson Paper Valley Hotel in downtown Appleton with 388 guestrooms. Other than the Radisson and the Holiday Inn Select in Appleton, all other Fox Cities area hotels consist of relatively small individual properties offering 130 or fewer guestrooms.

Exhibit 13 presents the three primary clusters of hotels in the Fox Cities area.

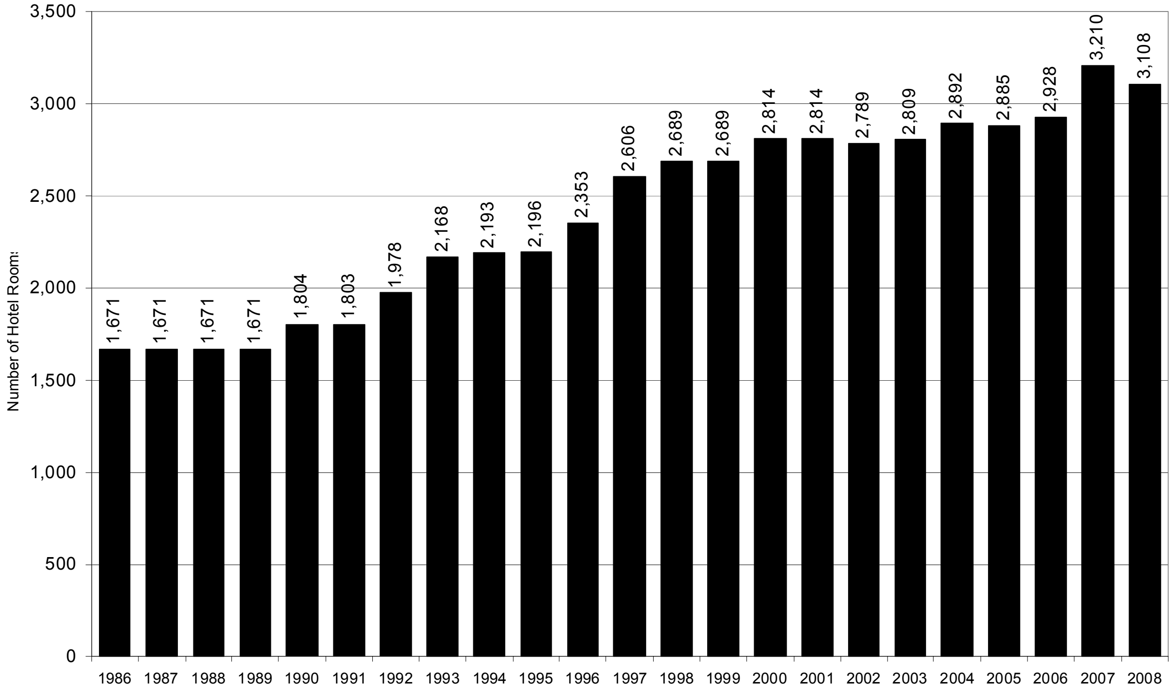
Exhibit 13 – Primary Fox Cities Hotels & Clusters



There are three distinct clusters of hotel properties in the Fox Cities. The largest cluster is located near the Fox River Mall located in Grand Chute and the western edge of Appleton. Presently, there are 18 limited service hotels incorporated a total of 2,050 guestrooms in this cluster. Downtown Appleton offers a total of 405 guestrooms through the Radisson Paper Valley Hotel and the CopperLeaf Hotel (a boutique hotel located adjacent to the Radisson. A cluster also exists in Neenah, consisting of two full service hotels and four limited service properties providing a total of approximately 300 guestrooms. These concentrations of hotels will play an important part in our site/location analysis that will be presented later in this report.

Exhibit 14 presents a graphical estimate of the total hotel supply in terms of number of guestrooms for the Fox Cities each year over the past 20 years. As shown, the estimated inventory has grown from 1,700 rooms in 1986 to approximately 3,100 rooms in 2008. In 2007, the largest gain of rooms occurred when the addition of nearly 300 rooms entered the Fox Cities market from 2006.

Exhibit 14
Primary Fox Cities Area Hotel Inventory



Source: Fox Cities Convention & Visitors Bureau, 2008.

On a month-over-month basis, market-wide hotel occupancy levels in the Fox Cities has remained relatively stable in recent years; however, the significant addition of new hotel supply into the marketplace in 2006 led to slightly lower occupancy levels in 2007 over previous years. Monthly occupancy levels tend to peak in the months of June, July and August (near 70 percent), while the lowest levels typically are experienced in January and December with levels around 50 percent.

The number of potentially competitive event facilities in the local market is also an important consideration with respect to the overall viability of any potential convention facility. The Fox Cities market currently offers a number of meeting facilities, including meeting space within hotel facilities and event space at specialized area facilities. Exhibit 15, on the following page, presents a listing of Fox Cities hotels that offer meeting space.

Exhibit 15
Fox Cities Hotel Meeting Facilities

Facility	City, State	No. of Sleeping Rooms	No. of Meeting Rooms	Largest Room Sq Ft	Largest Room Bqt Cap	Total Sq Ft
Radisson Paper Valley Hotel	Appleton, WI	395	26	13,730	915	33,694
Hilton Garden Inn / Liberty Hall	Kimberly, WI	125	8	5,750	383	9,830
Holiday Inn Neenah Riverwalk	Neenah, WI	107	11	5,144	343	9,193
Bridgewood Resort & Conference Center	Neenah, WI	95	8	5,653	377	8,949
Holiday Inn Select	Appleton, WI	228	5	3,540	236	5,365
Best Western Midway Hotel	Appleton, WI	105	7	1,770	118	5,209
CopperLeaf Boutique Hotel	Appleton, WI	73	3	1,213	81	2,240
Comfort Suites	Appleton, WI	130	4	908	61	2,189
La Quinta Inn & Suites	Appleton, WI	98	3	972	65	2,118
Wingate Inn by Wyndham	Appleton, WI	80	3	900	60	1,563
Country Inn & Suites	Little Chute, WI	66	2	736	49	1,100
Candlewood Suites	Appleton, WI	82	2	460	31	920
AmeriHost Inn & Suites	Kimberly, WI	63	1	562	37	562
Hampton Inn	Appleton, WI	123	1	460	31	460

Source: Fox Cities Convention & Visitors Bureau, industry publications, facility website information, 2008.

As presented above, there are 14 primary hotels in the Fox Cities with conference and meeting space. The Radisson Paper Valley Hotel represents the largest existing conference facility in the area, with 33,700 square feet of banquet and meeting space. Importantly, for regional market the size of the Fox Cities, the amount of conference space presently offered in the Radisson is relatively substantial. As will be discussed in a subsequent chapter, this will have important implications in terms of site/location and competitive positioning with a potential new convention center development in the Fox Cities. The Hilton Garden Inn/Liberty Hall, Holiday Inn Neenah Riverwalk and Bridgewood Resort and Conference Center also offer moderate amounts of space.

In general, other than the space offered via the Radisson, the meeting space incorporated into other area hotels can only effectively compete for small local and non-local meetings, banquets and some small conferences. A large percentage of economic impact-generating events (i.e., conventions, tradeshows and conferences produced by state and regional associations and other organizations) require a larger level of square footage than offered by many of the existing hotel meeting facilities in the Fox Cities, as well as requiring multiple event spaces concurrently (i.e., exhibit, ballroom and meeting space for exhibition, general assembly, food function and breakout needs).

In addition to the hotels offering meeting space, the Fox Cities area has a number of other community facilities that offer event space. Exhibit 16 presents other meeting facilities located in Fox Cities.

Exhibit 16
Fox Cities Other Meeting Facilities

Facility	City, ST	No of Mtg Rooms	Sq Ft Largest Room	Bqt Seat Capacity Lgst Rm	Total Sq Ft
Wave Bar & Ballroom	Appleton, WI	12	12,800	853	51,233
Tri-County Arena	Neenah, WI	3	23,000	1,533	35,000
Monarch Gardens	Appleton, WI	5	8,400	560	20,559
Darboy Club	Appleton, WI	3	9,362	624	20,241
Starlite Club	Kaukauna, WI	2	9,568	638	16,992
Grand Meridian	Appleton, WI	3	7,663	511	15,168
Waverly Beach	Menasha, WI	2	11,200	747	12,700
D.J. Bordini Business & Industry Center	Appleton, WI	3	2,200	147	6,400
The Meadow	Neenah, WI	2	3,000	200	6,000
Michiels Banquets	Appleton, WI	3	2,950	197	5,690
Fox Cities Performing Arts	Appleton, WI	4	4,200	280	5,465
High Cliff Supper Club	Sherwood, WI	3	3,840	256	5,359
Funset Boulevard	Appleton, WI	2	4,200	280	5,172
Club West	Neenah, WI	3	2,880	192	4,640
Homestead Meadows	Appleton, WI	3	1,800	120	3,840
Butte des Morts Country Club	Appleton, WI	2	2,986	199	3,802
Thompson Community Center	Appleton, WI	3	3,000	200	3,625
Capitol Centre	Appleton, WI	1	3,500	233	3,500
Girl Scouts of the Fox River Program Center	Appleton, WI	2	2,160	144	2,880
Perfect Presentations	Neenah, WI	2	2,100	140	2,460
The Vineyard	Appleton, WI	3	1,402	93	2,284
Bubolz Nature Preserve	Appleton, WI	1	1,500	100	1,500
Whiting Boat House	Neenah, WI	1	714	48	714
Boys & Girls Brigade	Neenah, WI	13	1,404	94	n/a

Source: Fox Cities Convention & Visitors Bureau, industry publications, facility website information, 2008.

As shown, there are a variety of different non-hotel-based facilities in the Fox Cities that also offer meeting and event space. The largest facility is the Wave Bar and Ballroom, which has the capacity to hold 850 people. The Tri-County Arena is the second largest event facility with 35,000 square feet. As most of these facilities are not affiliated with or located in close proximity to existing, quality hotel products, their ability to attract non-local conventions, conferences and tradeshows are relatively limited.

Attractions

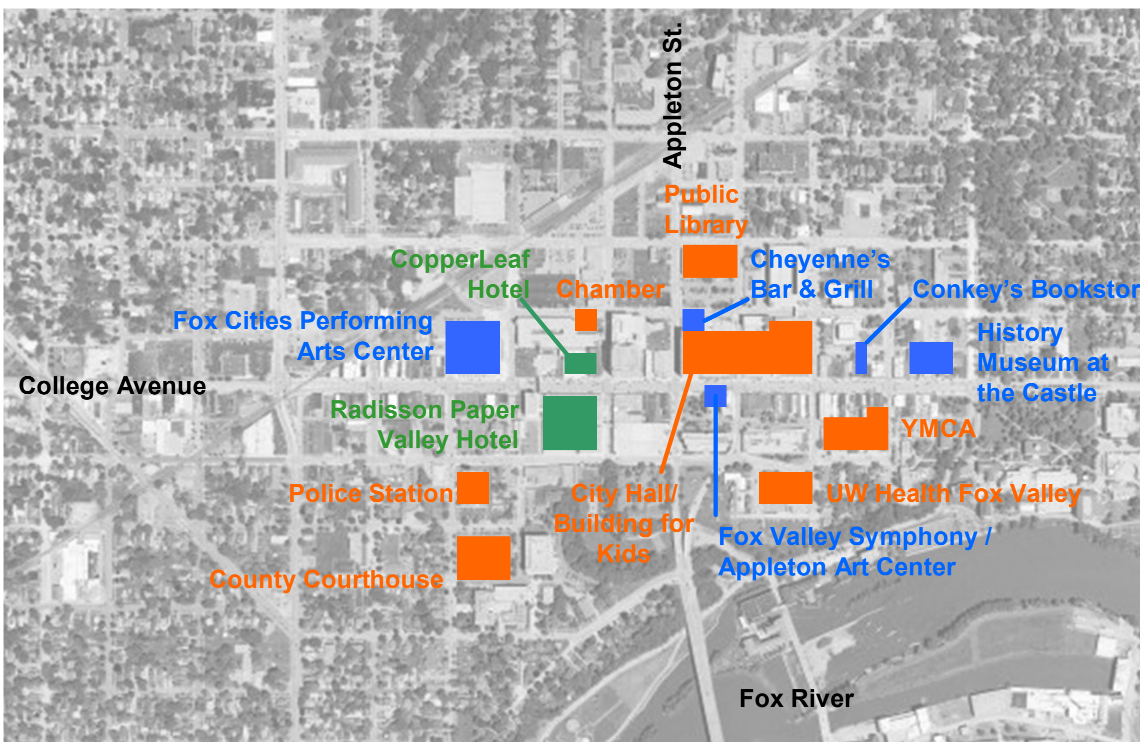
As a destination, Fox Cities offers a number of attractions and recreational opportunities. These attractions and others have positioned the Fox Cities as a thriving regional hub and visitor destination. Prominent attractions include:

- Appleton Art Center
- Bergstrom-Mahler Museum

- Building for Kids Children's Museum
- Downtown Appleton
- Fox Cities Performing Arts Center
- Fox River Mall
- Historic Neenah
- Lake Winnebago
- The History Museum at the Castle

The location of a community's hotel inventory, event facilities and attractions will play a significant role in the determination of the most advantageous sites for a locating a potential Fox Cites convention center. Exhibit 17 presents a graphical representation of the location of key roadways, event facilities, hotels and attractions in downtown Appleton.

Exhibit 17
Downtown Appleton Attractions, Hotels and Event Facilities

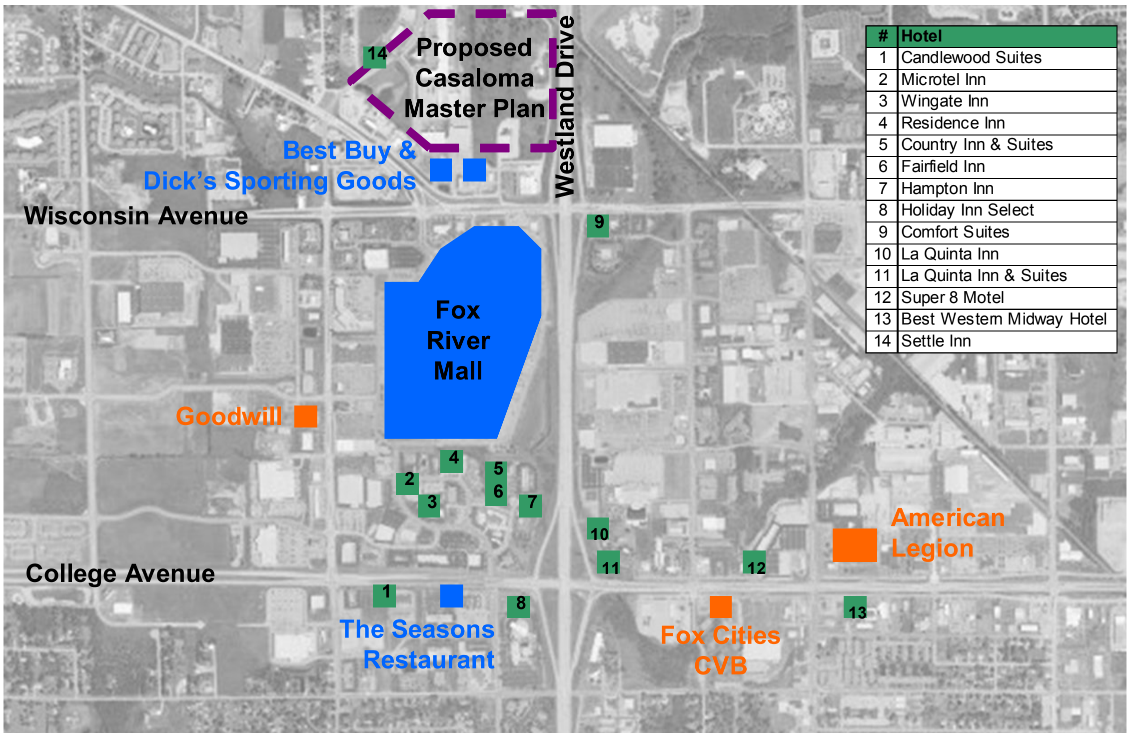


Source: Fox Cities Convention & Visitors Bureau; Microsoft Live Maps; 2008.

As shown, the downtown area of Appleton is home to the Fox Cities Performing Arts Center, Fox Valley Symphony, Appleton Art Center, History Museum at the Castle, numerous public buildings, restaurants and the Radisson Paper Valley Hotel and the CopperLeaf Hotel.

Exhibit 18 presents the location of the attractions, lodging inventory and event facilities in the Grand Chute area.

Exhibit 18
Grand Chute Area Attractions, Hotels and Event Facilities



Source: Fox Cities Convention & Visitors Bureau; Microsoft Live Maps; 2008.

Local Market Issues and Conclusions

Strengths of the local Fox Cities market as they relate to a potential new convention center include:

- Central location in eastern Wisconsin and driving proximity to several major state markets.
- Appleton's vibrant downtown, including visitor amenities (restaurants, retail, nightlife, entertainment), attractions and "walkable" central business district.
- Other areas (Neenah, Menasha, Grand Chute, etc.) offer similar as well as contrasting amenities, providing unique mini-destinations in the overall marketplace.
- Strong, well-known shopping destination via the Fox River Mall.
- Airport accessibility.
- Strong established perception of safety and family-friendliness.
- Quality downtown hotel product in Appleton (large full-service hotel for the size of the market and attractive adjacent boutique hotel).

- Large concentration of limited service hotels outside of downtown near the Mall.
- Proactive community leadership concerning economic growth and public/private opportunities.
- Affordability of destination.

Some of the Fox Cities area weaknesses as they relate to supporting a potential new convention center and functioning as an event destination include:

- Number of quality hotels and overall room supply (most of the area's hotel inventory consists of small, limited service properties; total room inventory of just over 1,100 rooms is relatively low).
- Size of largest hotel properties (the largest existing hotel property is only 184 rooms; certain events wish to accommodate all or a majority of their rooms blocks in a single hotel property).
- Relatively low city population and corporate base (local events attended primarily by local area residents often provide significant usage of convention centers; likewise, local corporations often represent heavy users).
- Distance from largest population areas in state (while only an hour away from some larger metro areas, each of these communities have their own offerings of convention/conference facilities).
- Limitations in local traditional visitor amenities (i.e., retail & restaurants with "character", nightlife, entertainment, etc.)
- Neutral impressions by some event planners regarding the appeal of the area for events (i.e., "not a big city, not a resort"; expressed by some meeting planners contacted as a part of this study, will be discussed in a later chapter.)

3.0. COMPETITIVE/COMPARABLE FACILITIES & COMMUNITIES ANALYSIS

This chapter provides a review of the various physical characteristics and resources of competitive/regional and comparable convention facilities and host communities. In terms of potential competitive facilities, the information detailed herein will assist in the identification and analysis of conference, convention and similar event facilities that could provide primary competition to a potential Fox Cities convention center. Competition with respect to "local" events is primarily relegated to the existing and planned facilities in the local community or marketplace, and was discussed in the previous chapter. Additionally, a set of comparable facilities was identified and analyzed to obtain insight into the physical and operational characteristics of facilities located in comparable communities.

Competitive/Regional Event Facilities

As a part of this analysis, 26 competitive/regional convention and conference facilities were identified. The competitive/regional facilities represent venues that may be competitive with a potential Fox Cities convention center with respect to one or more key flat floor event segments (i.e., conventions, conferences and tradeshows held by state/regional associations, SMERF [social, military, educational, religious, fraternal] groups, corporations, government, etc.). Exhibit 1 presents a summary of selected competitive facilities and markets analyzed. For purposes of this analysis, facilities offering in excess of 10,000 square feet of sellable (rentable) event space were considered.

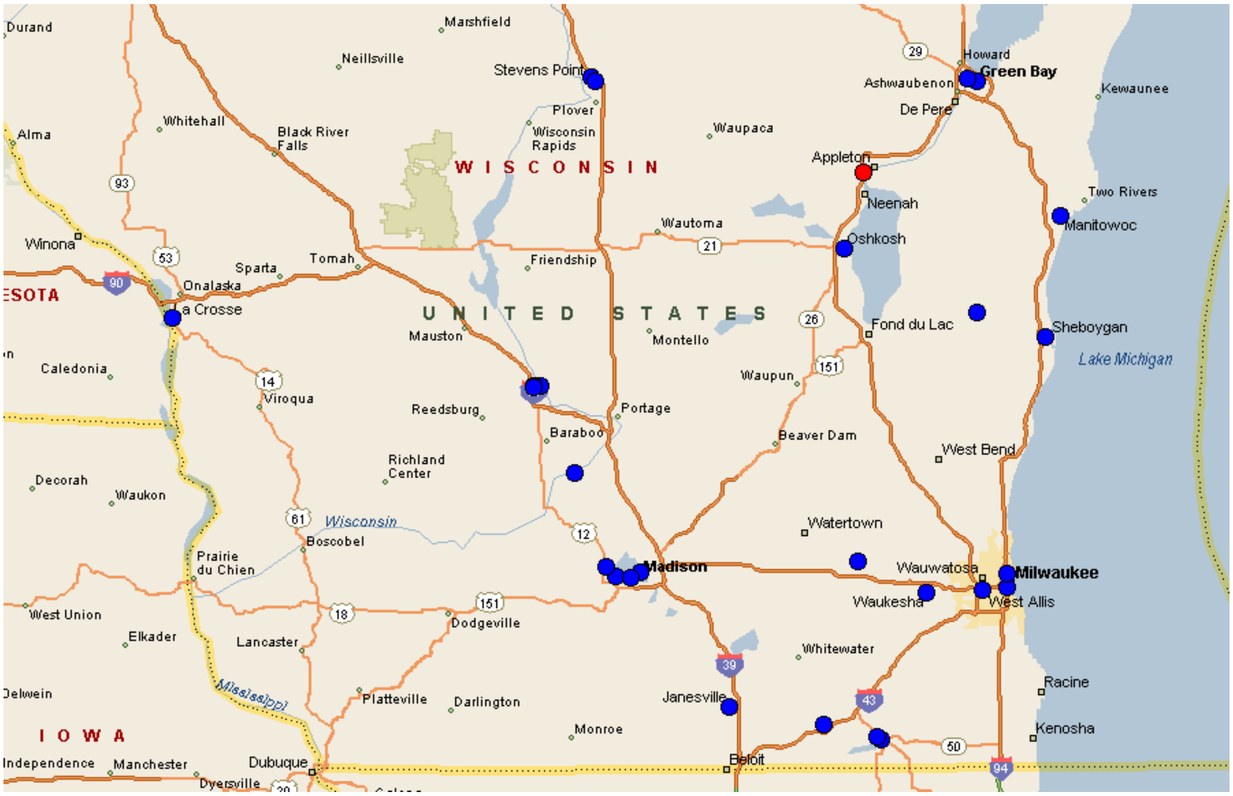
Exhibit 1
Competitive/Regional Facilities

		SQUARE FEET				Distance
Facility	**City, State**	**Exhibit**	**Ballroom**	**Meeting**	**Sellable**	**to Fox Cities**
Park Plaza & Convention Center	Oshkosh, WI	15,500	14,000	6,000	35,500	20
Radisson Hotel & Conference Center	Green Bay, WI	0	17,200	10,200	27,400	30
Regency Suites/KI Center	Green Bay, WI	14,350	17,600	7,500	39,450	30
The Osthoff	Elk Hart Lake, WI	0	11,125	7,500	18,625	45
Holiday Inn Manitowoc	Manitowoc, WI	0	5,100	12,900	18,000	51
Ramada Stevens Point	Stevens Point, WI	8,650	15,900	4,700	29,250	70
Holiday Inn	Stevens Point, WI	10,800	8,400	1,000	20,200	70
Blue Harbor Resort & Conference Center	Sheboygan, WI	0	9,600	4,725	14,325	90
Olympia Resort	Oconomowoc, WI	10,700	8,000	23,000	41,700	98
Country Springs Waukesha	Waukesha, WI	0	12,000	6,100	18,100	102
Wisconsin Exposition Center	West Allis, WI	198,900	0	3,700	202,600	103
Alliant Energy Center	Madison, WI	10,000	0	20,000	30,000	106
Monona Terrace	Madison, WI	37,200	20,400	5,300	62,900	106
Sheraton Madison	Madison, WI	0	5,300	10,900	16,200	106
Milwaukee Hilton	Milwaukee, WI	0	13,000	18,700	31,700	108
Midwest Center	Milwaukee, WI	188,700	37,500	39,400	265,600	108
Devils Head Resort & Cliffhaus Convention Center	Merrimac, WI	0	9,000	11,500	20,500	108
Ho-Chunk	Wisconsin Dells, WI	0	28,600	1,400	30,000	114
Chula Vista	Wisconsin Dells, WI	0	20,200	19,150	39,350	114
Kalahari	Wisconsin Dells, WI	0	37,800	25,150	62,950	114
Marriott Madison West	Middleton, WI	29,000	9,800	7,300	46,100	122
Holiday Inn Express & Janesville Conference Center	Janesville, WI	0	10,000	1,000	11,000	138
Lake Lawn Resort	Delevan, WI	0	9,800	15,150	24,950	146
Grand Geneva	Lake Geneva, WI	13,500	19,400	56,700	89,600	148
The Abbey	Lake Geneva, WI	0	13,500	18,250	31,750	148
La Crosse Center	La Crosse, WI	77,000	6,700	2,700	86,400	172

Source: Facility management and industry publications, 2008.

Exhibit 2 presents the location of each of the competitive/regional facilities.

Exhibit 2
Identified Competitive/Regional Facilities



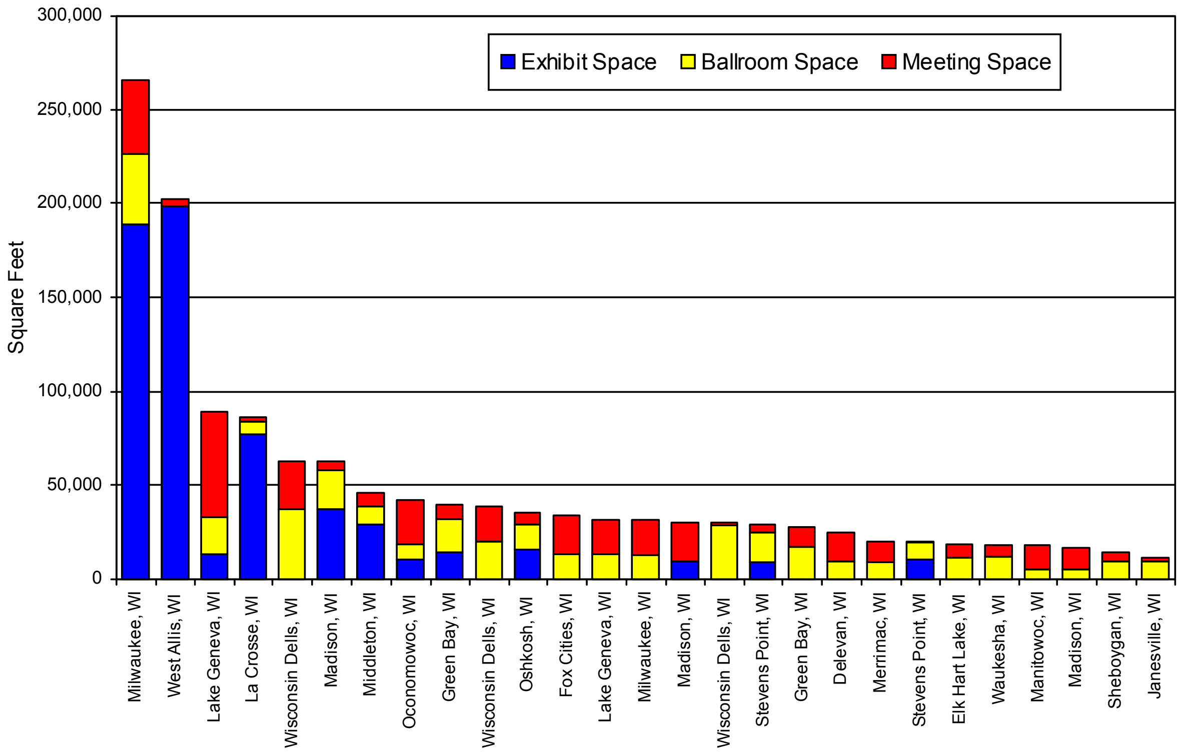
Source: Microsoft MapPoint.

As shown, most of the venues are concentrated in the largest cities within the state. Venues in Oshkosh and Green Bay areas represent the nearest competitors to a potential Fox Cities convention center.

Space Characteristics

Exhibit 3 details the rankings of the competitive/regional facilities set analyzed in terms of total sellable space (which includes exhibition, ballroom and breakout meeting space).

Exhibit 3
Competitive/Regional Facilities – Sellable Space



Source: Facility management and industry publications, 2008.

The amount of total sellable space (exhibit, ballroom and breakout meeting space) offered at the competitive/regional facilities reviewed varies widely, averaging more than 50,500 square feet with a median of approximately 30,000 square feet. The largest facility in terms of total sellable space is the Midwest Center in Milwaukee, integrating approximately 265,600 square feet of sellable floor space. The facility with the least amount of total sellable space, the Holiday Inn Express and Janesville Conference Center in Janesville, Wisconsin, offers approximately 11,000 square feet of sellable event space. The characteristics and mix of the sellable space offerings within each of these competitive/regional facilities underscores the importance of offering a sufficient volume and mix of functional facility spaces for convention, tradeshow, conference and meeting events.

From a competitive standpoint, the largest Wisconsin event facilities will likely provide no competition for a potential new Fox Cities convention center due to significant disparities in event space levels and different target event markets of focus. Relative to the estimated level of non-local conventions, conferences, tradeshows and meetings that rotate among destinations within the state of Wisconsin, the level of competitive facility product in Wisconsin is considered slightly higher than typical. This includes recent and planned future event facility development in the Wisconsin Dells area.

Facility Space Ratios

One method of beginning to evaluate potential size parameters for any new convention facility that could be developed in Fox Cities is to consider the sizes of competitive/regional facilities relative to their population bases. Exhibit 4 presents the competitive markets' 25-mile, 100-mile and 200-mile population to total facility sellable space ratios, as well as an extrapolated hypothetical sellable space estimate for a potential Fox Cities facility based upon the competitive/regional markets' average ratio. As previously mentioned, "sellable" space refers to rentable facility areas, including exhibit, meeting and ballroom spaces.

Exhibit 4
Competitive/Regional Facilities – Sellable Space to Population Ratios

City, State	25-Mile	100-Mile	200-Mile
Delevan, WI	5.64	0.19	0.11
Elkhart Lake, WI	6.86	0.42	0.09
Green Bay, WI	9.18	1.49	0.23
Green Bay, WI	6.37	1.03	0.16
Janesville, WI	3.02	0.09	0.05
La Crosse, WI	49.23	5.09	0.60
Lake Geneva, WI	17.46	0.68	0.40
Lake Geneva, WI	6.19	0.24	0.14
Madison, WI	11.83	0.96	0.31
Madison, WI	5.64	0.46	0.15
Madison, WI	3.05	0.25	0.08
Manitowoc, WI	10.94	0.51	0.09
Merrimac, WI	6.86	0.44	0.10
Middleton, WI	9.10	0.78	0.23
Milwaukee, WI	17.58	2.15	1.20
Milwaukee, WI	2.10	0.26	0.14
Oconomowoc, WI	5.14	0.38	0.20
Oshkosh, WI	7.86	0.84	0.19
Sheboygan, WI	8.22	0.31	0.07
Stevens Point, WI	19.17	1.24	0.20
Stevens Point, WI	13.24	0.86	0.14
Waukesha, WI	1.21	0.15	0.08
West Allis, WI	12.89	1.63	0.92
Wisconsin Dells, WI	53.06	1.65	0.31
Wisconsin Dells, WI	33.17	1.03	0.19
Wisconsin Dells, WI	25.28	0.78	0.15

AVERAGES= 13.47 (25-Mile) 0.92 (100-Mile) 0.25 (200-Mile)

Hypothetical Fox Cities CC based upon competitive market AVG ratio (in SF) =
76,138 (25-Mile) 32,843 (100-Mile) 45,030 (200-Mile)

Source: Facility management and industry publications, 2008.

The market ratios ranged widely within each demographic category. A potential new Fox Cities convention center's hypothetical sellable space based upon the competitive market average is 76,100 square feet based upon the competitive/regional 25-mile population, and 32,800 square feet and 45,000 square feet based upon the 100-mile and 200-mile population ratios. Importantly, this type of hypothetical space level extrapolation is only one of many methods used to understand the market demand and sizing of a potential new convention center in Fox Cities. It does not take into consideration the specific demand generators unique to each community. These issues will be analyzed in the subsequent chapter of this report.

Comparable Facilities

Additionally, certain inferences can be made by reviewing convention facilities operating in similar-sized markets throughout the country. 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. Exhibit 5 presents a summary of selected comparable facilities and markets analyzed.

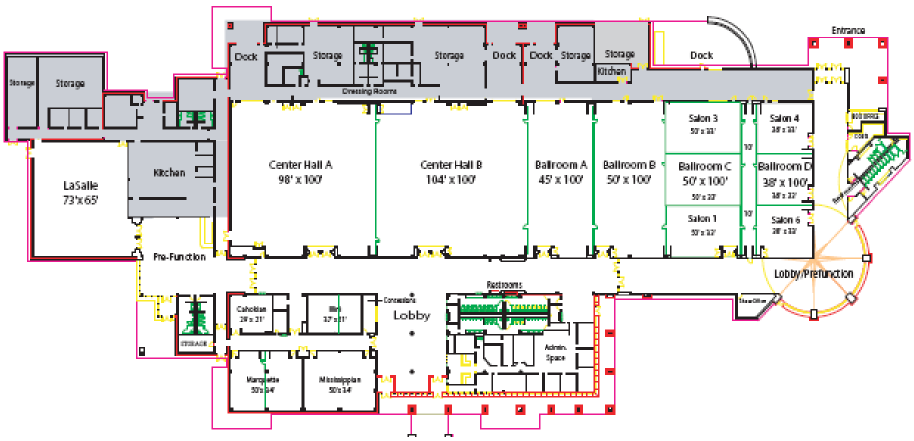
Exhibit 5
Comparable Markets and Facilities

City, State	Comparables
Collinsville, IL	Gateway Center
Coralville, IA	Coralville Marriott & Conference Center
Davenport, IA	RiverCenter
Dubuque, IA	Grand River Center
Erie, PA	Bayfront Convention Center
Green Bay, WI	Regency Suites & KI Center
Layton, UT	Davis Conference Center
Lynnwood, WA	Lynnwood Convention Center
Pueblo, CO	Pueblo Convention Center
Salem, OR	Phoenix Grand Hotel and Salem Conference Center
South Bend, IN	Century Center
St. Charles, MO	St. Charles Civic Center
St. Cloud, MN	St. Cloud Civic Center
St. George, UT	Dixie Center

Source: Facility management and industry publications, 2007.

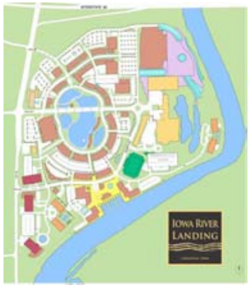
Each of the listed facilities is located in a market that is similar to the Fox Cities area, with respect to population size, geographic proximity to larger metropolitan areas and/or facility size/characteristics. Operational data was obtained and analyzed from these facilities and host communities to assist in the understanding of the operational characteristics of a potential convention center. Case studies of the selected facilities are presented on the following pages, highlighting the operational data that was obtained.

Gateway Center
Collinsville, Illinois



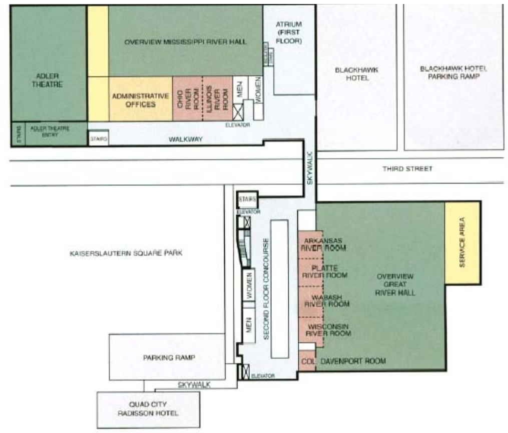
- The Gateway Center is located in Collinsville, Illinois, approximately 16 miles from St. Louis, Missouri.
- The Center offers 20,400 square feet of exhibition space and 9,500 square feet of meeting space that can be broken down into as many as seven different rooms.
- As a part of a $5.8 million expansion, completed in July of 2006, the Center added a 19,700-square foot ballroom, increasing the Center's total sellable square footage to 49,600.
- In 2005, the Center booked a total of 480 events attracting approximately 158,000 attendees. Due in part to the relatively large corporate base located in the greater St. Louis area, over 60 percent of the events booked were meetings.
- Collinsville no longer has a dedicated Convention and Visitors Bureau. To market the venue, the Center spends, on average, approximately $186,000 annually on their sales and marketing efforts.
- Although there is no dedicated headquarters hotel attached or adjacent to the Center, there are 229 guestrooms at the Holiday Inn Collinsville, which is located within walking distance of the Center. In all, there are nearly 3,000 guest rooms located within a 20-minute drive of the Center.
- The City is currently contemplating the development of a new headquarters hotel adjacent to the Center; however, no definite plans have been made.
- With the Center being located near downtown St. Louis, the location provides it with the ability to offer some of the benefits and attractions available in St. Louis. Attendees can even travel to downtown St. Louis by Metrolink light rail in order to avoid driving and parking.
- Typical events hosted at the Center include: the Home Expo, "Scrapology" Scrapbook Convention, Anderson Hospital Craft Fair, Collinsville Christian Women, Let's Go Fishing Expo, Gateway Bridal Show, St. Louis Deer Classic, The Great Train Expo and International Gem & Jewelry Show.

Coralville Marriot & Conference Center
Coralville, Iowa



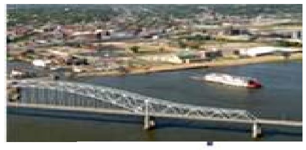
- The Coralville Marriott & Conference Center was constructed in 2006.
- The Hotel offers 280 oversized guestrooms and six suites. All the rooms are equipped with high-speed internet, plasma TVs and work spaces. On-site services include walking trails, indoor pool, 24-hour fitness center, Iowa Writer's Library and two bar and grilles.
- In addition to the full-service hotel/conference center services, the Center offers the following event space:
  - 30,000-square foot exhibit hall
  - 22,200 square feet of multipurpose ballroom space
  - 5,400 square feet of meeting space
- The estimated $60 million Hotel & Conference Center is located along the Iowa River and adjacent to the University of Iowa, and in easy reach of downtown Iowa City and the Eastern Iowa Airport.
- Constructed as part of the City of Coralville's Iowa River Landing project, the Landing is located on a former site of an industrial park and still undergoing redevelopment. Recently, the project won the United States Environmental Protection Agency's Phoenix Award.
- The master development plan is envisioned to include space for retail, restaurants, water features, gathering, entertainment and offices. In addition to the Marriott & Conference Center, the Antique Car Museum of Iowa, Johnson County Historical Society and River Bend commercial and residential complex also are located within the Landing.
- The project was funded with $20 million in revenue bonds supported by the hotel tax, $33 million in taxpayer backed bonds and $5 million contributed by the State of Iowa. In 2005, the City and Marriott agreed to a 15-year contract for the hotel to manage the Center.

RiverCenter
Davenport, Iowa



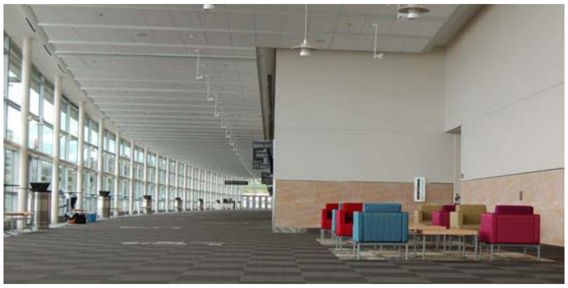
- The RiverCenter is part of the RiverCenter-Adler Theater Complex, located in downtown Davenport, Iowa, along the Mississippi River.
- The Center originally opened in 1983 as a state-of-the-art convention center offering 20,500 square feet of meeting space. Ten years later, the Center expanded, adding more event space and a skywalk connecting the two buildings. The skywalk was the first skywalk constructed in Davenport's history. Further improvements were completed in 2002 adding to what the Center is today.
- In total, the Center offers approximately 54,800 square feet of sellable event space, in addition to the Adler Theater. Specifically, the following space is incorporated into the complex:
  - 33,400 square feet of exhibit space
  - 8,200 square feet of ballroom space
  - 13,200 square feet of meeting space
  - 2,400-seat Adler Theater
- The Theater also serves as additional assembly and function space for events held at the RiverCenter.
- Both the RiverCenter and Adler Theater are connected via skyway to the 221-room Radisson Quad City Plaza.
- In 2007, the RiverCenter and Theater hosted 239 events, the majority of which were meetings, conferences and banquets.
- The Complex, a City of Davenport facility, is managed privately by Compass Facility Management.

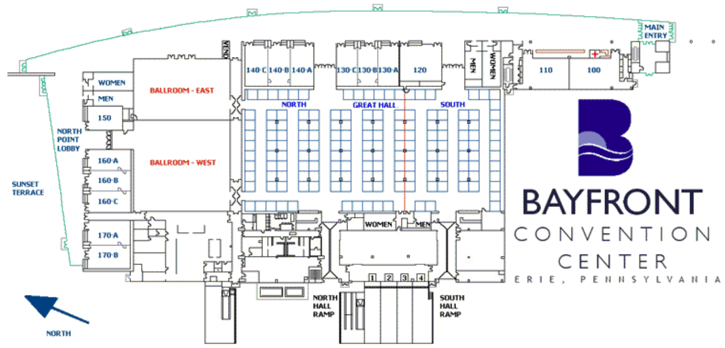
Grand Harbor Resort & River Center
Dubuque, Iowa



- Located along the banks of the Mississippi River in Dubuque, Iowa, the Grand River Center is one of the newer conference, exhibition and event facilities in the Midwest.
- The Center opened in October 2003 with the combined efforts of the City of Dubuque and Platinum Holdings, LLC.
- With 12 flexible ballroom, conference and exhibit areas, the Center offers a total of 55,200 square feet of sellable event space. More specifically, the Center has a 30,000-square foot exhibit hall, 12,000-square foot multipurpose ballroom and 13,200 square feet of meeting space.
- The Center is connected by a covered skywalk to the new 193-room Grand Harbor Resort and Waterpark.
- Including the Grand Harbor Resort, there are over 500 hotel rooms located within three blocks of the Center, including two other full-service hotels, the Holiday Inn and Julien Inn.
- Within a five-minute shuttle ride, there are an additional 300 full-service hotel rooms available.
- The entire project cost approximately $51.3 million and was a part of the $188 million Grand River Center and America's River Project, which included the addition of a museum, aquarium, Spirit of Dubuque paddleboats, casinos and an outdoor amphitheater and is located at the Port of Dubuque.
- Platinum contributed $25 million to fund the construction of the Resort with the City contributing the remaining $26.3 million to fund the construction of the Center. The City's portion of funding was financed with a combination of state grants, general obligation bonds, sales tax dollars and other general fund dollars.
- Events typically held at the Center include an array of corporate meetings and seminars, social events, consumer shows, weddings and trade shows.

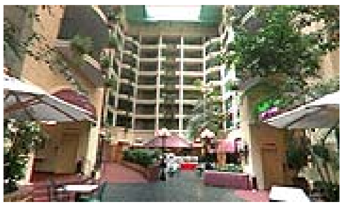
Bayfront Convention Center
Erie, Pennsylvania

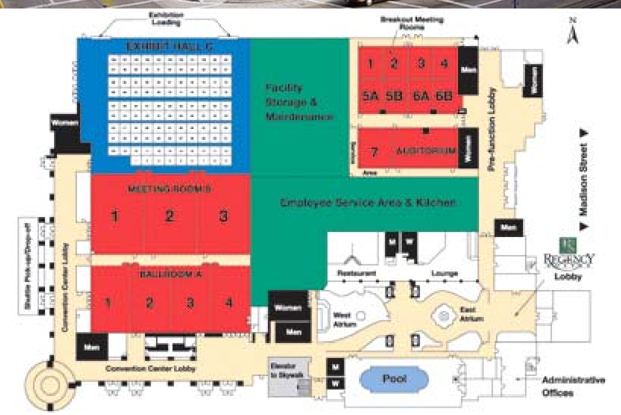




- The Bayfront Convention Center celebrated its grand opening in August 2007.
- Overlooking Lake Erie, the $44 million Bayfront Center is situated on 16 acres on Sassafras Pier.
- The 145,000-square foot facility incorporates 28,800 square feet of exhibit space, 13,500 square feet of ballroom space and 14,025 square feet of meeting space.
- The full project, which includes a 203-room Sheraton hotel and a 330-car parking garage (opened in April 2008), as well as landscaping, is expected to cost over $100 million.
- The complex is being financed with a $47,750,000 tax-exempt bond issue, coupled with a $50.5 million state grant with the remaining costs represented by funding arrangements with the Erie Western Pennsylvania Port Authority, the City of Erie, Erie Public Works and the PA Department of Transportation.
- The Sheraton Hotel will additionally offer a large, state-of-the-art fitness center, heated indoor pool and whirlpool, a Bayfront Grille restaurant and 5,800 square feet of additional meeting space, and will be connected to the Convention Center via enclosed skywalk. The Sheraton manages and operates both the hotel and convention center through an agreement with Erie County Convention Center Authority.
- Just outside the Convention Center and Hotel is Erie's Bayfront District. The district offers an array of restaurants, shopping, miniature golf, wooden boat building, concerts and other activities. Specific attractions include the Bicentennial Tower, Bayfront Gallery, Liberty Park and the Erie Maritime Museum, which is home to the U.S. Brig Niagara. Additionally, within walking distance of the Center and Hotel is the downtown business and entertainment district – which is home to the Erie Playhouse, Warner Theater, Jr's Last Laugh Comedy Club, Erie Zoo & Botanical Garden, Roadhouse Theater, Tullio Arena, area pubs and restaurants and a variety of historical museums.
- It is expected that the facility will generate $47 million annually to the Erie-area economy.
- Before its grand opening, the facility had already booked 40 major events, including events such as an area the Erie Times/CareerLink Job Fair, Erie Anime Experience Convention and various banquets, conferences and meetings.

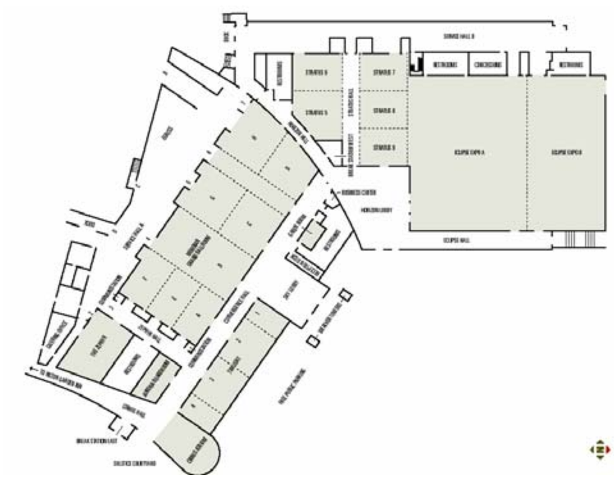
KI Convention Center
Green Bay, Wisconsin





- The $13 million KI Convention Center opened in September 2000 adjacent to the 223-room Regency Suites Hotel. The Regency Suites is the only all-suite, full-service hotel in downtown Green Bay.
- The Center features 19 breakout rooms, seating 55 to 1,900 people, and a large meeting hall that can accommodate up to 3,830 people. It contains 14,350 square feet of exhibit space that can hold 108 standard trade show booths, in addition to 17,500 square feet of ballroom space and 7,500 square feet of meeting space.
- The Hotel's services include an indoor pool, Pub restaurant and bar, on and off-site catering, Cuppa Joe's Coffee Shop, valet laundering, room service, washers and dryers on-site, A/V services, complementary breakfast and evening beverages, airport transportation and bus rental.
- The KI Center is located within a short distance of 600 additional hotel rooms and Green Bay's downtown Washington Street entertainment district. Further, the Center has skyway access to 1,100 covered parking spaces in a ramp next to Port Plaza Mall.
- The telecommunications infrastructure includes a satellite uplink and high-speed telephonic data transmission.
- Built as part of a public/private partnership, the Hotel manages the Center's catering services. Upon opening, the Center already had many convention bookings, including a handful for more than 1,000 people.
- Over the past five years, the Center has hosted hundreds of events, including 85 to over 100 conventions each year.
- Currently, the Hotel is undergoing remodeling and was rebranded as the Hotel Sierra in May 2008. Further, the City is looking at funding options to expand and improve the Center.

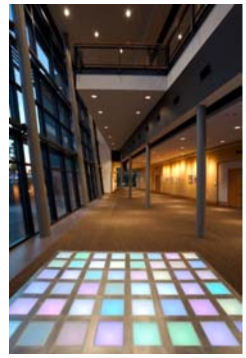
Davis Conference Center
Layton, Utah



- Located off of Interstate 15 in Layton, Utah, this state-of-the-art conference center opened in September 2004. Layton is located less than 20 minutes north of Salt Lake City.
- The County recently broke ground for an expansion that will nearly double the Center's size. More specifically, in Spring 2008, the Center is expected to open a new 18,000-square foot exhibit hall and an additional 7,000-square foot ballroom, which will have the ability to open into each other.
- Following the expansion, the facility will offer:
    - 18,000 square feet of exhibit space
    - 12,600 square feet of ballroom space
    - 12,800 square feet of meeting space
- 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.
- Following its first year of operations, the Davis Conference Center hosted an estimated 700 events, the vast majority consisting of small, local meetings, banquets, receptions and conferences. Specifically, the Center hosted an estimated 80 convention/tradeshows, 8 public/consumer shows and nearly 600 meetings and banquets.
- 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.

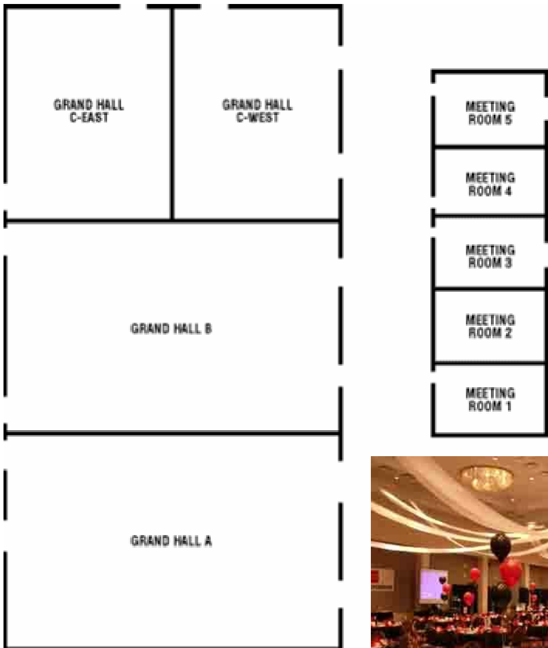
Lynnwood Convention Center
Lynnwood, Washington





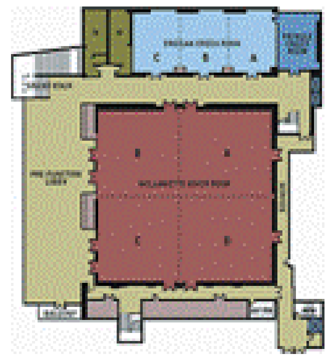
- The $34 million Lynnwood Convention Center was constructed in April 2005.
- Lynnwood is situated just 15 minutes from downtown Seattle, near Interstate 5, I-405 and Highway 99.
- Located on 13-acres, the Center's site also includes parking for 600 and a shopping center, which recently completed a $50 million expansion to incorporate a shopping "village" with a 16-screen theater, additional shops, restaurants and overhead canopy.
- The Center incorporates:
    - 11,750 square feet of exhibit space
    - 6,000 square feet of ballroom space
    - 3,900 square feet of meeting space
- The City hired private management company SMG, out of Philadelphia, to manage the Center.
- The Center is serving as a catalyst project for the City of Lynwood's City Center and future tourism and economic development.
- The City has been in negotiations since the fall of 2006 with a Spokane development company to place a 200-room Hilton Garden Inn next to the convention center as the Center currently does not have an adjacent hotel property.
- In 2007, the Center hosted 489 events, which brought 82,000 people to the Center.
- Typical organizations holding events at the Center include: Amerinet, Washington Finance Officers Association, NW Yacht Brokers, Allstate Insurance, American Red Cross, Boise Cascade, REALTOR Association, Bureau of Education and Research, WA District United Pentecoastal Church, Commercial Brokers Association and WA Society of CPA's.

Pueblo Convention Center
Pueblo, Colorado



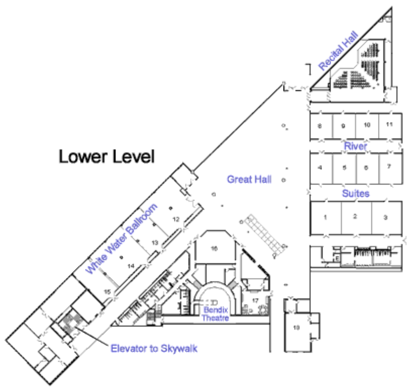
- The Pueblo Convention Center is located in historic downtown Pueblo. The city of Pueblo is situated 40 miles south of Colorado Springs and 100 miles south of Denver.
- The Center is connected to a 164-room Marriott.
- Over 23,500 square feet of event space is offered at the Center, including 16,200 square feet of ballroom space and 7,300 square feet of meeting space.
- The Colorado State University – Pueblo campus is located in close proximity to the Center, as well as other Pueblo attractions, including the El Pueblo Museum, Pueblo Greyhound Park and the Lake Pueblo State Park/Reservoir.
- Additionally offered at the Center is state-of-the-art technology, including audio-conferencing, multi-media presentation support and wireless internet access.
- In 2007, the Center hosted approximately 544 events, with 70,400 attendees, generating $1.45 in gross income. Of the 544 events, the Center hosted:
    - 22 conventions,
    - 12 consumer shows,
    - 116 banquets,
    - 354 meetings,
    - 2 tradeshows and
    - 38 other events.
- The Center is professionally managed by Global Spectrum.

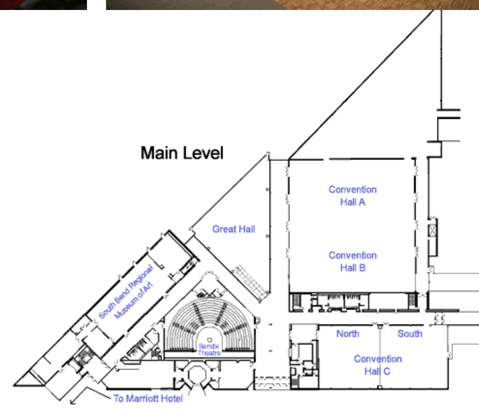
Phoenix Grand Hotel & Salem Conference Center
Salem, Oregon



- The Salem Conference Center and adjoining 193-room Phoenix Grand Hotel opened in 2005.
- The complex is located approximately 48 miles south of Portland and has a 190-space underground parking garage.
- The Conference Center has a total sellable space of 24,300 square feet, including:
    - 12,900 square feet of meeting space
    - 11,400 square feet of ballroom space
- Entire project costs for the Center totaled $32 million, including $22.7 million in hard construction costs, while the hotel cost $17 million.
- The project partnership consists of the Urban Renewal Agency of the City of Salem (public) and the presidents of VIP's Industry (private) and the Phoenix Grand Hotel (private).
- The Conference Center is owned by the Urban Renewal Agency and operated by VIP's Industry, which owns and operates the Hotel.
- It is estimated that the Conference Center and Hotel will generate $2 million in additional spending in the City of Salem and will host 500 events in its first full year of operation.
- The public/private partnership between the City and VIP's has already provided some profitable synergies. According to audited operational statements, over the first 16 months of operation, the Center generated operating income of over $200,000 with gross revenues of nearly $2.7 million. This is, in part, due to the public-private partnership in which the Center's marketing funds (approximately $193,000 for fiscal year 2005-06) are supplemented by a hotel tax levied on guests.
- In 2007, the Center hosted its 1,000th event. Since its opening, approximately 179,000 guests have attended 1,294 events. During its last fiscal year (06-07) the Center generated an operating income of $506,585.

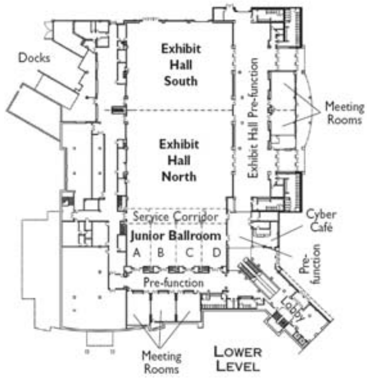
Century Center
South Bend, Indiana

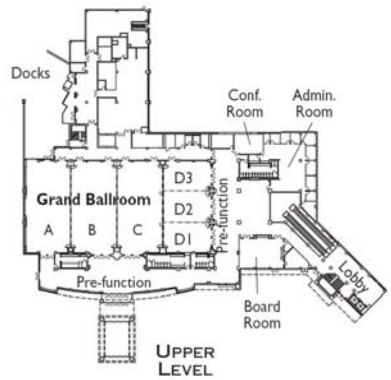




- The Century Center has served the South Bend, Indiana community for the past 25 years.
- Located on an 11-acre riverfront park, the Century Center is the anchor of the Downtown South Bend Convention District. Within the District, visitors will find the adjacent 298-room Marriott hotel, 176-room Holiday Inn, College Football Hall of Fame, South Bend Regional Museum of Art and Morris Performing Arts Center.
- Event space within the Center includes:
  - 24,500 square feet of exhibit space
  - 12,800 square feet of meeting space
  - 694-seat Bendix Theater
  - 166-seat Recital Hall
- The Center hosts, on average, 600 events a year, including an array of state and regional conventions, tradeshows, meetings and banquets. Additionally, the Center welcomes over 250,000 visitors each year.
- In 2007, the Century Center held 560 events, including:
  - 15 conventions,
  - 12 consumer shows,
  - 362 meetings and conferences,
  - 101 banquets,
  - 13 trade shows, and
  - 57 special events.

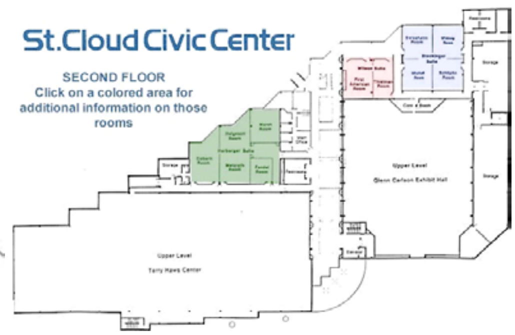
St. Charles Convention Center
St. Charles, Missouri





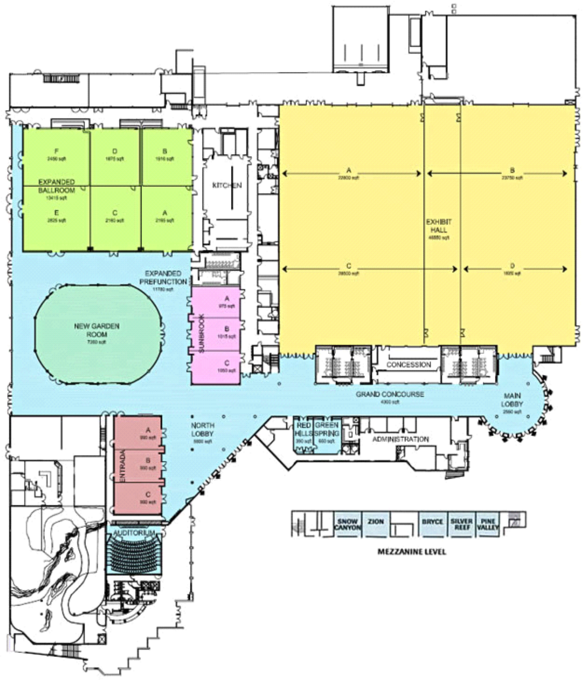
- The Saint Charles Convention Center is a multi-functional facility that opened in April 2005.
- The Center is owned by the Saint Charles County Convention and Sports Facilities Authority and the City of Saint Charles, while the Center is managed by Global Spectrum.
- The Center incorporates:
  - 58,400 square feet of sellable event space
  - 35,700 square feet of exhibit space
  - 6,500 square feet of meeting space
  - 16,200 square feet of ballroom space
- Additionally, there are 1,200 free parking spaces at the Center.
- In 2007 alone, the Center hosted 463 events and attracted 190,000 people who used approximately 20,000 room nights in local hotels. Specifically, the Center hosted 10 conventions, 25 tradeshows, 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, which is owned and operated by John Q. Hammons.
- The $36 million hotel and convention center unite sales and marketing staff to centralize promotions of both facilities.
- Typical organizations holding their event at the Center include: St. Louis Small Business Trade Show, True Fitness, Scholastic Publishing, Missouri Association of Mortgage Brokers, Brain Injury Association of Missouri, St. Louis Dental Society, PartyLite Reader Retreat and the SLU School of Public Heath.

St. Cloud Civic Center
St. Cloud, Minnesota



- As the largest flat floor event venue in central Minnesota, the St. Cloud Civic Center has served the St. Cloud area for 17 years, attracting a variety of events and sizes.
- Opened in 1989, the Center serves the convention and meeting space needs of St. Cloud and central Minnesota.
- Located in downtown St. Cloud along the Mississippi River, the Center is situated near many local attractions, restaurants shopping and St. Cloud State University campus.
- The community of St. Cloud has 1,700 hotel rooms
- The Center offers 54,600 square feet of event space, including:
    - 42,000 square feet of exhibit space
    - 12,600 square feet of meeting space
- The City of St. Cloud has considered expanding the Center for the last few years.
- The Center has averaged 375 events and over 600 utilization days over the past 8 years.
- In 2005, the Center hosted 385 events, the majority of which were local meetings and social events. Total attendance for the Center reached 185,501 people.
- During 2005, it was estimated that events at the Center generated between $15 and $18 million dollars in economic impact for the St. Cloud economy. Further, the Center generated $1.5 million in operating revenue.
- Highlighted events that are held at the Civic Center include: the MN Society of Professional Surveyors, Big Boys Toy's Show, Sport Show, MN Rural Water tradeshow, CMBA Home Show, MN Chiefs of Police, United Methodist state convention and Women's Showcase.

Dixie Center
St. George, Utah



- The Dixie Center of St. George opened in 1998.
- Designed for flexibility, with versatile space for trade shows, conventions, public/consumer shows, meetings, banquets, and spectator events, this Center has served as an economic generator for the St. George area.
- St. George is a relatively small, resort-oriented community located in southern Utah, approximately 120 miles north of Las Vegas and 310 miles south of Salt Lake City.
- There are more than 2,000 hotel rooms in the St. George area.
- Space offerings include:
  - 46,600-square foot exhibit hall
  - 15,860 square feet of meeting space
  - 13,200-square foot ballroom
  - 1,710-seat auditorium
- In a Recent year the Dixie Center hosted 226 events, 55 of which were non-local in nature.
- In early 2006, the Dixie Center at St. George completed a renovation which added an additional 22,500 square feet of meeting and support spaces to the original convention center.
- Typical events held at the Center include: Utah League of Cities & Towns Road School, Utah Hospitals & Health Systems Association, Utah Association of Public Treasurers, "What Women Want" Expo, Utah Division of Real Estate, USU Extension Services seminars and meetings.

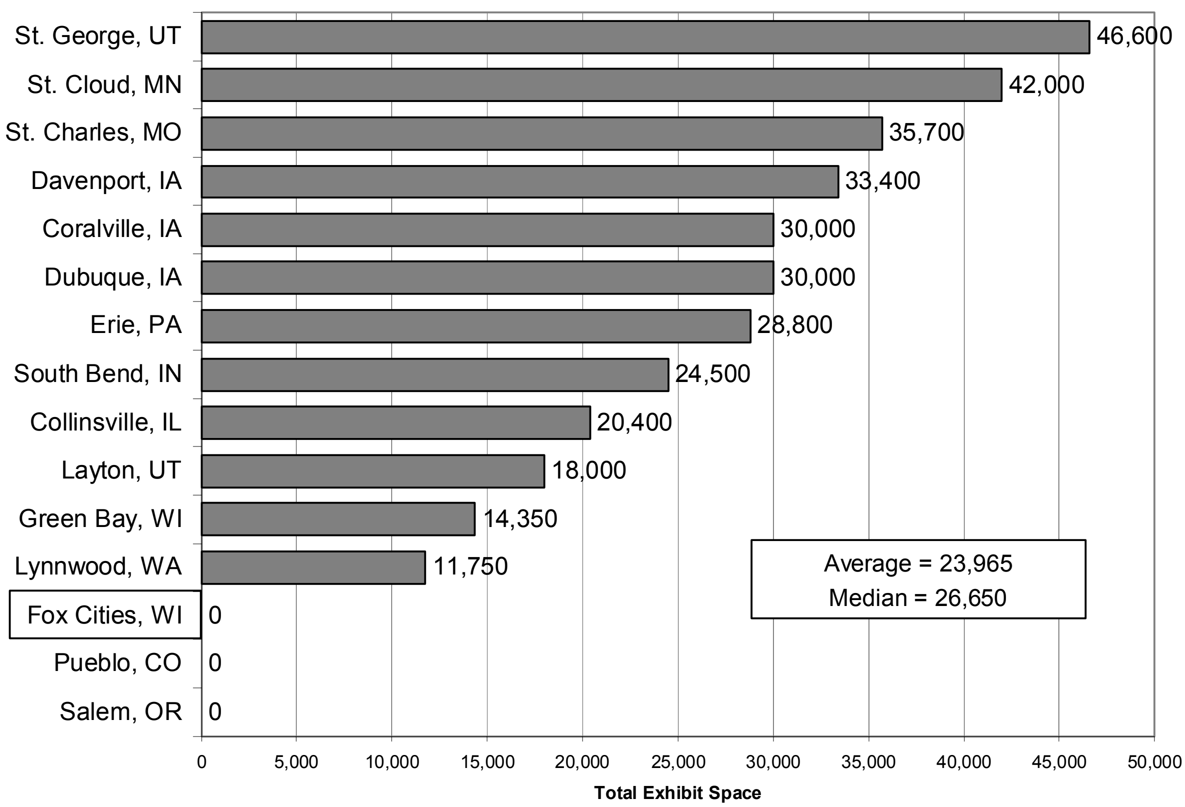
Physical Space Characteristics

The following exhibits provide comparisons of the space offerings at the selected comparable facilities, including exhibit, ballroom, breakout meeting and total sellable space. For a comparison, space figures of the Radisson Paper Valley Hotel have been included as it is the largest facility in the Fox Cities area.

<u>Exhibit Space</u>

Exhibit 6 presents a comparison of total prime exhibit space offered at the comparable facilities reviewed.

Exhibit 6
Facility Characteristics – Prime Exhibit Space



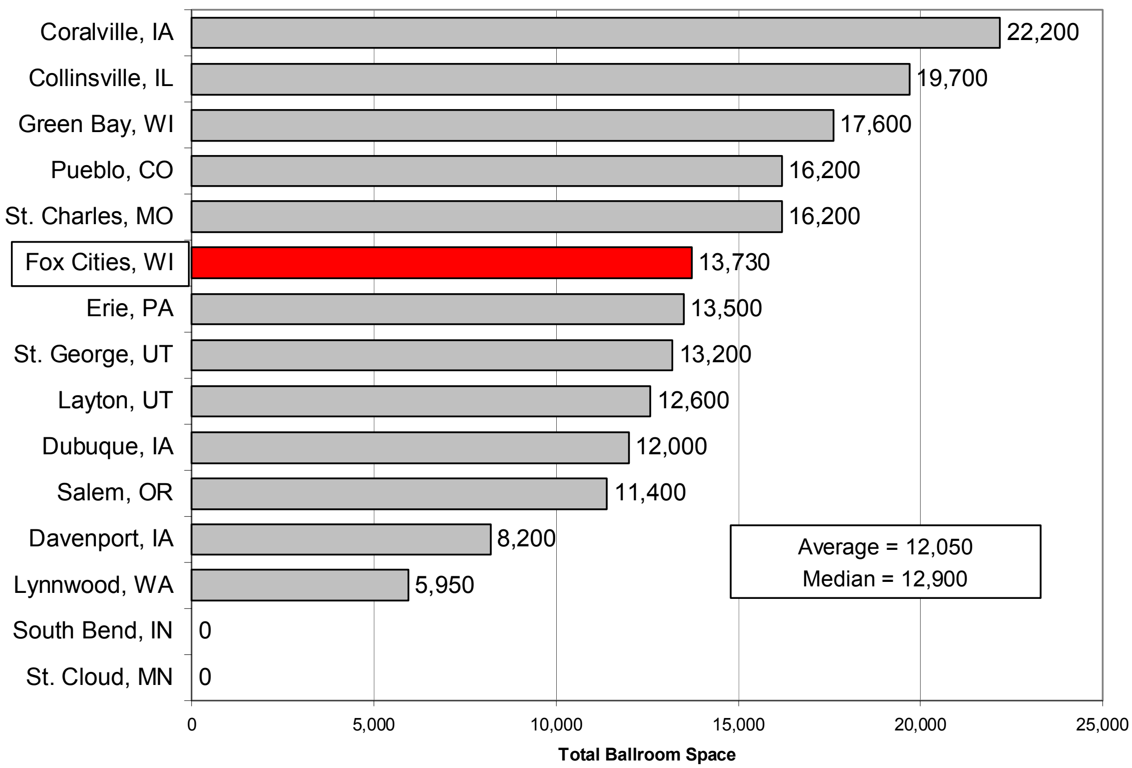
Source: Facility management and industry publications, 2008

As presented, the Dixie Center in St. George, Utah incorporates the largest amount of prime exhibit space with approximately 46,600 square feet. Two comparable facilities do not offer any prime exhibit space. The average amount of exhibit space offered at facilities offering prime exhibit space is approximately 24,000 square feet and the median square feet of exhibit space among the facilities offering it is approximately 26,650 square feet. Currently, there is no prime exhibit space offered at the Paper Valley Radisson.

Meeting/Ballroom Space

Exhibit 7 compares the square feet of ballroom space offered at the comparable facilities.

Exhibit 7
Facility Characteristics – Ballroom Space

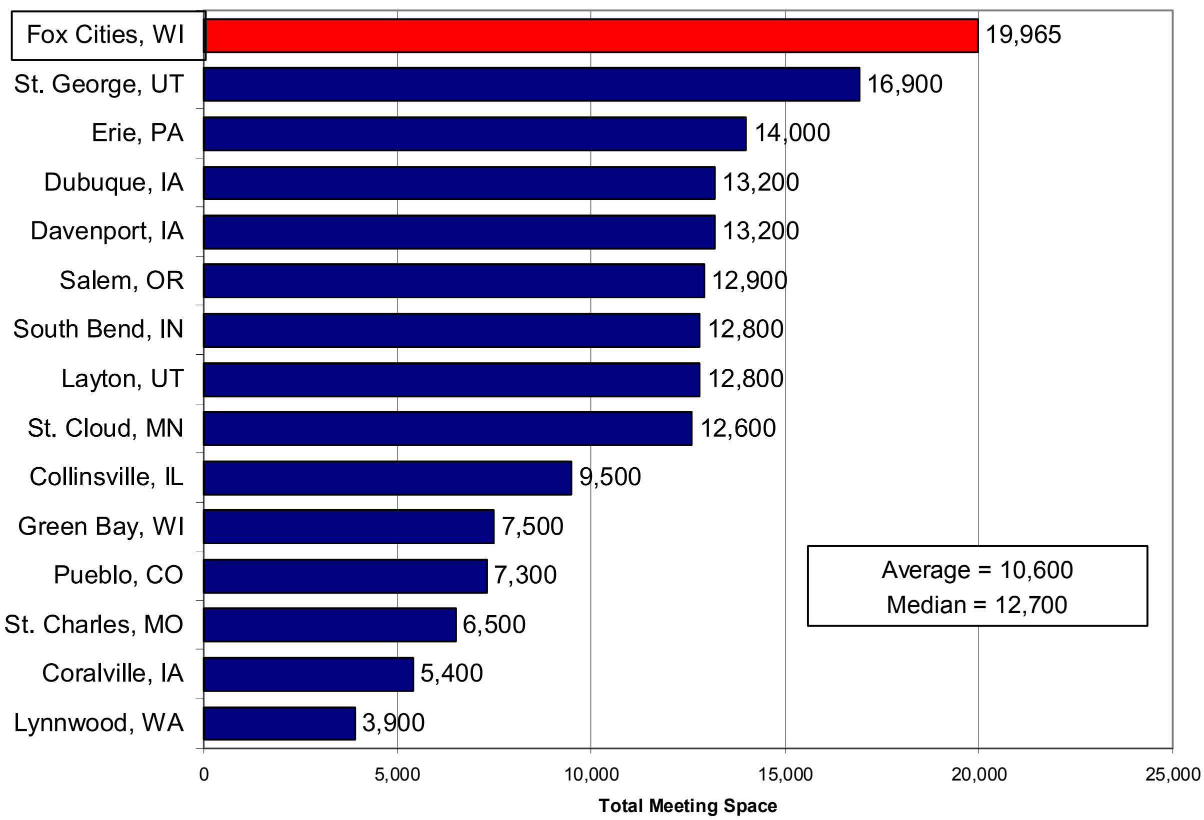


Source: Facility management and industry publications, 2008

The Coralville Marriott and Conference Center in Coralville, Iowa offers the most ballroom square footage with 22,200. Similar to the exhibit space exhibit, all but two facilities included in this analysis offer ballroom space, the average ballroom space offered is 12,050 square feet, with a median of 12,900 square feet. As shown, the Paper Valley Radisson offers 13,730 square feet of ballroom space, which ranks sixth among the comparable set of facilities.

On the following page, Exhibit 8 compares the square footage of meeting space offered among the comparable facilities.

Exhibit 8
Facility Characteristics – Meeting Space



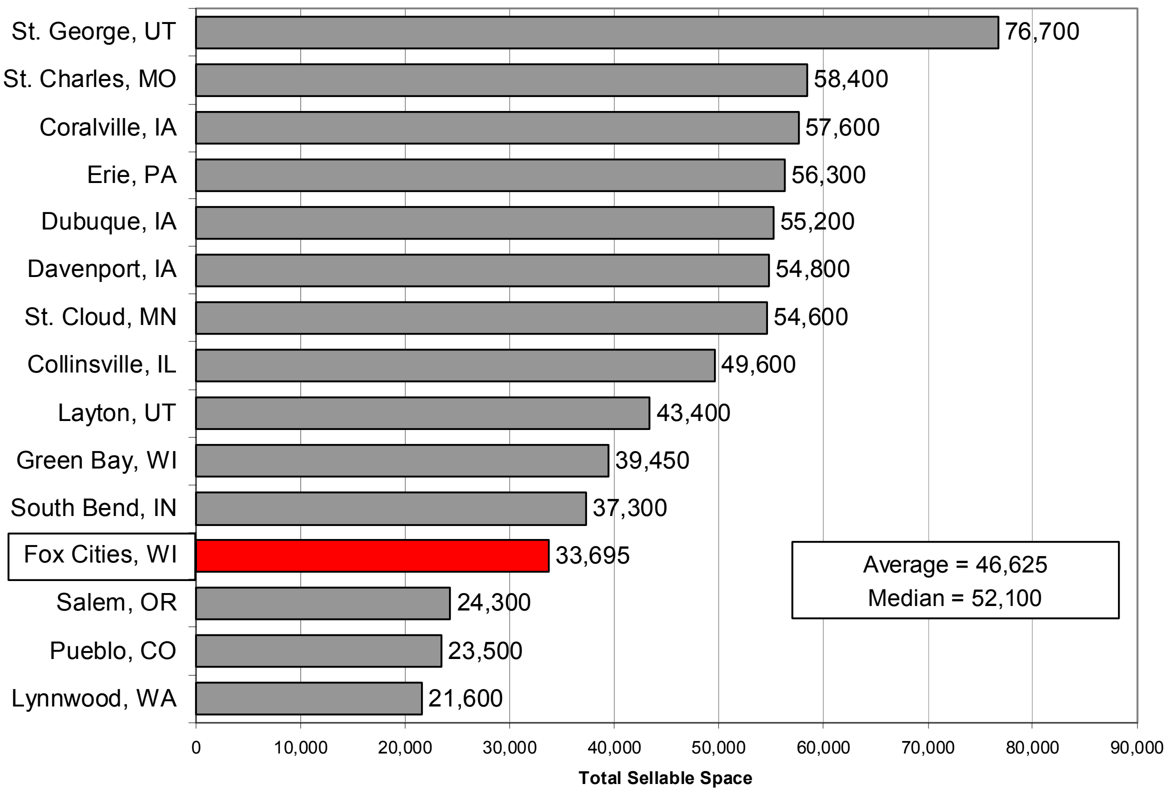
Source: Facility management and industry publications, 2008

The level of meeting space ranges from 3,900 square feet in Lynnwood, Washington at the Lynnwood Convention Center to 19,965 square feet at the Radisson Paper Valley. The average meeting space offered at the facilities is 10,600 square feet, and the median among the comparable facilities is 12,700 square feet.

Total Sellable Space

Exhibit 9 outlines a comparison of the total sellable space (i.e., exhibit, ballroom and breakout meeting space) offered at the comparable facilities reviewed.

Exhibit 9
Facility Characteristics – Total Sellable Space



Source: Facility management and industry publications, 2008

The amount of total sellable space (exhibit, ballroom and breakout meeting space) offered at the comparable facilities reviewed varies widely, averaging 46,625 square feet, with a median of 52,100 square feet. The largest facility in terms of total sellable space is the Dixie Center, with approximately 76,700 total sellable square feet. The Lynnwood Convention Center offers the least total sellable space, with approximately 21,600 square feet. The Paper Valley Radisson offers nearly 34,000 square feet of sellable event space, which is less than the average of the comparable facilities.

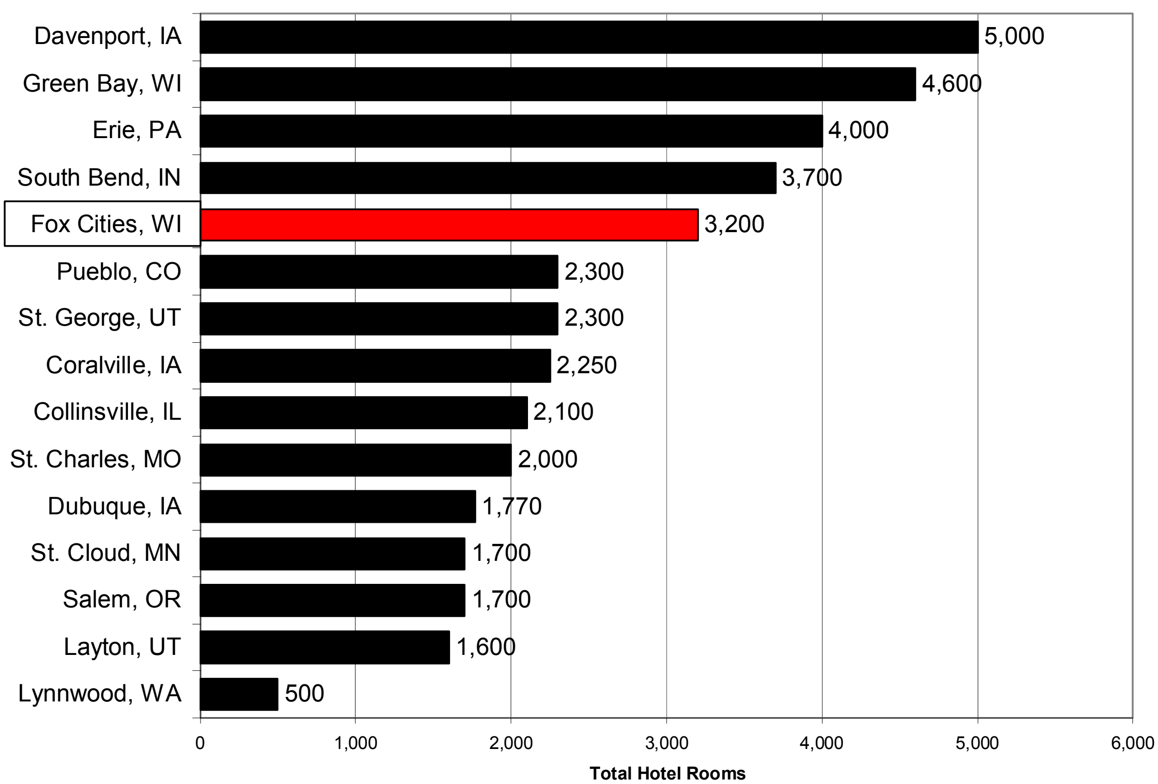
Demographic and Socioeconomic Market Characteristics

A primary component in assessing the potential success of a new convention center in Fox Cities is the demographic and socioeconomic profile of the local market. To gain an understanding of the relative strength of the Fox Cities market area, it is useful to compare various demographic and socioeconomic characteristics among the comparable markets supporting similar venues.

<u>Hotel Rooms</u>

Exhibit 10 presents the estimated total number of hotel rooms offered at each of the comparable markets reviewed.

Exhibit 10
Facility Characteristics – Total Hotel Rooms



Source: Facility & CVB management and industry publications, 2008

As shown in the exhibit, the highest inventory of hotel rooms within the comparable markets can be found in Davenport, Iowa, with 5,000 rooms. The 500 rooms offered in Lynnwood, Washington represent the smallest number of rooms offered within the comparable markets reviewed. However, it should be noted that Lynnwood is located a short distance outside of the major market of Seattle. The Fox Cities market offers 3,200 hotel rooms, which ranks fifth of the comparable markets reviewed.

Air Accessibility

Air access into a market can also be an important determinant of a quality destination and is often a factor that event organizers evaluate when selecting a host market for their event(s). As such, we have assessed the total number of enplanements for the primary airport facilities in each of the comparable markets, utilizing the most recent available data from the Federal Aviation Administration. Exhibit 11 compares the total estimated number of passenger enplanements associated with the major airports serving each comparable market.

Exhibit 11
Comparable Markets – Total Airport Enplanements

Market	Estimated Annual Enplanements within City	within 25-Miles	within 50-Miles
Lynnwood, WA	0	14,735,346	14,735,346
Layton, UT	0	10,289,129	10,289,129
Collinsville, IL	0	7,064,162	7,064,162
St. Charles, MO	0	7,037,400	7,037,400
Green Bay, WI	443,866	728,989	728,989
Fox Cities, WI	**285,123**	**728,989**	**728,989**
Coralville, IA	0	516,095	516,095
Davenport, IA	453,553	453,553	453,553
South Bend, IN	379,909	379,909	379,909
Erie, PA	161,087	161,087	161,087
St. George, UT	53,993	53,993	62,305
Dubuque, IA	46,973	46,973	46,973
St. Cloud, MN	25,094	25,094	44,300
Pueblo, CO	4,955	4,955	1,002,718
Salem, OR	0	0	6,956,712
Average (excluding Fox Cities)	**112,102**	**2,964,049**	**3,534,191**
Fox Cities Rank (out of 15)	**4**	**6**	**8**

Sorted by 25-mile measurement.
Source: FAA, 2006

Of the comparable markets, Fox Cities, with the Outgamie Regional Airport, had the fourth highest number of annual enplanements within the city analysis, with approximately 285,100 million passengers in 2006. The average among the comparable markets was 112,100. When looking at the enplanements within 25-miles of a market, the average among the comparable set was 2.9 million, this is significantly higher than the Fox Cities figure of 729,000 (which includes the airport located just south of Green Bay).

Population

Exhibit 12 presents population statistics among the comparable markets reviewed.

Exhibit 12
Market Characteristics – Total Population

Market	City	County	25-Mile	100-Mile	200-Mile
Lynnwood, WA	33,744	672,503	2,130,629	4,546,041	7,791,546
St. Charles, MO	62,644	342,895	1,909,419	4,037,148	9,475,082
Collinsville, IL	25,380	265,704	1,637,703	4,044,968	9,523,153
Layton, UT	63,101	277,953	664,521	2,242,393	2,962,472
South Bend, IN	103,673	266,545	624,955	11,599,061	33,044,364
Fox Cities, WI	**69,756**	**172,794**	**565,130**	**3,572,685**	**17,897,277**
Salem, OR	150,361	309,466	522,633	3,354,501	7,730,481
Green Bay, WI	100,495	242,374	429,906	2,654,343	16,848,964
Davenport, IA	99,382	161,987	390,792	2,499,558	20,428,390
Coralville, IA	18,337	118,583	331,165	2,001,983	14,256,508
Erie, PA	102,194	279,728	287,169	4,828,142	19,970,262
St. Cloud, MN	66,482	144,287	230,631	4,139,606	6,751,754
Dubuque, IA	58,358	92,492	152,002	3,018,653	19,935,275
Pueblo, CO	103,328	152,856	149,969	2,053,012	4,935,479
St. George, UT	69,407	129,747	124,650	247,399	2,636,737
Average (excluding Fox Cities)	**75,492**	**246,937**	**684,725**	**3,661,915**	**12,592,176**
Fox Cities Rank (out of 15)	**7**	**9**	**6**	**7**	**5**

Sorted by: 25-Mile Population
Source: Claritas Inc. 2007; U.S. Census Data 2000.

The population of the comparable markets varies widely. Coralville, Iowa's population represents the lowest in terms of city population, while Salem, Oregon's city population of 150,400 represents the largest. The overall average city population (excluding Fox Cities) approximates 75,500. Within a 25-mile radius, the population ranges from a low of 124,650 in St. George, Utah to a high of 2.1 million in Lynnwood, Washington and a market average (excluding Fox Cities) of 684,700. Within a 200-mile radius, the population ranges from a low in St. George, Utah of 2.6 million to 33.0 million in South Bend, Indiana. Nearly 17.9 million people reside within 200 miles of Fox Cities. The overall average population (excluding Fox Cities) within a 200-mile radius approximates 12.6 million.

Average Household Income

Exhibit 13 shows the average household income within a 25-, 100- and 200-mile radius of the comparable markets.

Exhibit 13
Market Characteristics – Average Household Income

Market	City	County	25-Mile	100-Mile	200-Mile
Lynnwood, WA	$56,113	$71,262	$78,230	$71,301	$68,561
St. Charles, MO	$67,047	$77,995	$68,643	$62,862	$57,101
Layton, UT	$71,977	$75,995	$67,026	$68,691	$65,299
Green Bay, WI	$53,465	$65,550	$66,921	$64,122	$69,770
Fox Cities, WI	**$68,531**	**$68,864**	**$65,836**	**$64,671**	**$69,612**
St. Cloud, MN	$58,822	$62,677	$64,691	$75,036	$67,736
Coralville, IA	$63,571	$66,153	$63,825	$57,560	$70,802
Davenport, IA	$55,854	$64,436	$60,970	$58,225	$68,940
Collinsville, IL	$58,823	$61,459	$60,777	$62,503	$56,792
South Bend, IN	$47,740	$59,667	$59,652	$69,970	$68,170
Salem, OR	$57,612	$58,265	$59,183	$64,389	$66,905
Dubuque, IA	$55,390	$59,839	$58,347	$61,621	$69,776
St. George, UT	$56,416	$57,177	$57,095	$55,474	$63,495
Erie, PA	$40,327	$52,913	$53,164	$57,101	$61,010
Pueblo, CO	$45,476	$52,281	$51,684	$77,891	$72,820
Average (excluding Fox Cities)	**$56,331**	**$63,262**	**$62,158**	**$64,768**	**$66,227**
Fox Cities Rank (out of 15)	**2**	**4**	**5**	**6**	**5**

Sorted by: 25-Mile Avg. Household Income
Source: Claritas Inc. 2007; U.S. Census Data 2000.

The comparable markets' 25-mile average household income ranges from a low of $51,700 in Pueblo, Colorado, to a high of $78,200 in Lynnwood, Washington. The average household income among the comparable markets (excluding Fox Cities) with the respect to the 25-mile ring, is $62,200, which is $3,700 less than Fox Cities' average household income.

Median Age

Exhibit 14 presents the median age for the selected comparable facility markets.

Exhibit 14
Market Characteristics – Median Age

Market	City	County	25-Mile	100-Mile	200-Mile
Layton, UT	28.8	28.7	30.1	28.8	29.5
St. George, UT	31.1	30.4	30.7	29.8	35.3
St. Cloud, MN	30.6	33.1	32.8	36.4	37.2
Coralville, IA	30.5	29.3	34.5	38.6	37.0
Salem, OR	34.5	34.1	34.8	36.8	37.4
South Bend, IN	33.7	35.1	35.7	35.7	36.3
Pueblo, CO	35.7	36.1	35.9	35.6	35.3
Green Bay, WI	35.3	36.2	36.6	38.3	36.4
Fox Cities, WI	**36.1**	**37.0**	**36.8**	**37.9**	**36.4**
Erie, PA	35.7	37.9	37.9	39.9	39.0
Collinsville, IL	37.4	37.5	38.0	38.0	37.7
St. Charles, MO	36.7	35.7	38.0	37.8	37.9
Lynnwood, WA	37.1	36.7	38.4	37.7	37.1
Davenport, IA	36.1	37.8	38.5	38.3	36.5
Dubuque, IA	39.3	38.8	38.9	37.5	36.5
Average (excluding Fox Cities)	**34.5**	**34.8**	**35.8**	**36.4**	**36.3**
Fox Cities Rank (out of 15)	**11**	**11**	**9**	**10**	**5**

Sorted by: 25-Mile Median Age
Source: Claritas Inc. 2007; U.S. Census Data 2000.

As illustrated, the median age ranges from 28.7 years of age in Layton, Utah, to 38.8 years of age in Dubuque, Iowa, when comparing the market's county median age. Fox Cities' median age of 37.0 years of age, was higher than the average comparable markets (excluding Fox Cities) median age of 34.8 years of age. The comparable markets (excluding Fox Cities) remained fairly consistent throughout the city, county, primary and secondary markets analyzed, all falling within a two-year range.

Corporate Inventory

Exhibit 15 presents the number of businesses within the comparable markets analyzed.

Exhibit 15
Market Characteristics – Corporate Inventory (Number of Businesses)

Market	City	County	25-Mile	100-Mile	200-Mile
Lynnwood, WA	2,439	22,830	102,757	199,300	337,692
St. Charles, MO	3,227	12,316	80,205	166,511	400,575
Collinsville, IL	1,126	9,718	67,190	166,443	392,629
Layton, UT	2,013	7,979	27,864	82,292	118,953
Fox Cities, WI	**3,373**	**7,975**	**25,450**	**160,743**	**745,595**
South Bend, IN	4,305	9,403	22,717	457,192	1,285,808
Salem, OR	7,136	12,313	19,828	148,584	347,210
Green Bay, WI	4,380	11,164	18,106	119,369	711,309
Davenport, IA	4,706	7,194	16,828	109,004	847,513
Coralville, IA	923	4,879	14,506	88,460	599,735
Erie, PA	4,249	10,901	10,957	196,312	782,476
St. Cloud, MN	3,033	6,572	8,870	173,072	302,244
Dubuque, IA	2,809	4,084	7,005	135,817	822,852
Pueblo, CO	4,339	5,782	5,609	86,921	247,017
St. George, UT	3,541	5,041	4,785	9,911	113,154
Average (excluding Fox Cities)	**3,445**	**9,298**	**29,088**	**152,799**	**522,083**
Fox Cities Rank (out of 15)	**8**	**9**	**5**	**7**	**5**

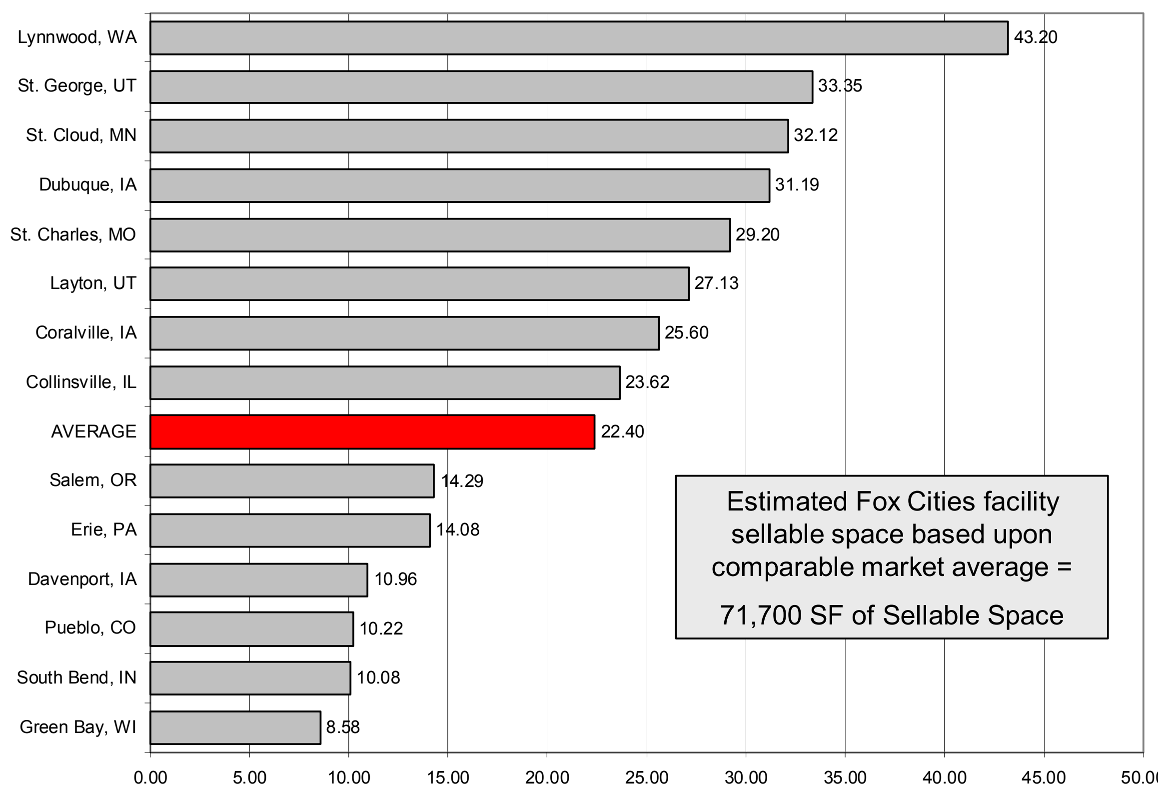
Sorted by: 25-Mile Corporations
Source: Claritas Inc. 2007; U.S. Census Data 2000.

Lynnwood, Washington has the highest number of businesses within 25 miles with 102,800, while St. George, Utah's 25-mile radius only has 4,800 businesses. The average number of businesses among the comparable markets 25-mile radius (excluding Fox Cities) is 29,100, which is slightly larger than Fox Cities' 25-mile number of businesses of approximately 25,450. Under the 200-mile ring, Fox Cities ranks fifth among the average comparable markets, with 745,600 businesses, which is 223,500 more than the comparable market average (excluding Fox Cities).

Facility Space Extrapolation

One method of beginning to evaluate potential size parameters for any new event facility that could be developed in Fox Cities is to consider the sizes of comparable facilities relative to their demographic and socioeconomic characteristics. Exhibit 16 presents a market and facility ratio analysis for a potential new convention center in Fox Cities using the average ratio of total convention center sellable space to hotel rooms in the comparable markets.

Exhibit 16
Market/Facility Ratios – Convention Center Sellable Space to Market Hotel Rooms



Source: Facility & CVB management and industry publications, 2008

As shown, Green Bay has a ratio of 8.58 while the Lynnwood, Washington has a market ratio of 43.2. The average sellable space ratio to hotel rooms is 22.4. Based on the average ratio for the comparable markets, a hypothetical facility space extrapolation was calculated for a potential Fox Cities convention center which suggests a facility comprising approximately 71,700 square feet of sellable event space. This figure is similar to the extrapolated space levels found previously within this chapter when considering competitive/regional facilities and markets.

Exhibit 17 presents a more detailed summary of facility space extrapolations (using both market hotel room counts and population metrics) by type of space for a potential new Fox Cities convention center.

Exhibit 17
Market/Facility Ratios –
Hypothetical Fox Cities Convention Center Space Extrapolation (in Square Feet)

	City	County	25-Mile	Extrapolation Based on Avg. Metric
Exhibit Space to Population	32,174	24,080	47,067	**34,441**
Meeting Space to Population	11,831	10,026	20,889	**14,249**
Ballroom Space to Population	18,135	11,214	21,512	**16,954**
Sellable Space to Population	62,141	45,320	89,468	**65,643**

	Extrapolation
Exhibit Space to Citywide Hotel Rooms	**36,842**
Meeting Space to Citywide Hotel Rooms	**16,042**
Ballroom Space to Citywide Hotel Rooms	**18,796**
Sellable Space to Citywide Hotel Rooms	**71,680**

Source: Facility Management, CVB representatives, industry publications, 2008.

The hypothetical space levels suggested under both sets of extrapolations are similar. To provide context for these square footage figures, the Radisson Paper Valley Hotel does not offer any exhibit space, while integrating nearly 14,000 square feet of ballroom space and roughly 20,000 square feet of breakout meeting space.

While this type of hypothetical space level extrapolation is only one of many methods used to understand the market demand and sizing of a potential new convention center in Fox Cities, it does serve to provide some initial insight into potential sizing parameters for a new facility. Nevertheless, it does not take into consideration the specific demand generators unique to each community. These issues relative to the Fox Cities will be discussed in the subsequent chapter of this report.

4.0. INDUSTRY TRENDS ANALYSIS

The market success of a convention center can be partially attributed to the characteristics of the industry as a whole. In order to assess the current and future strength of the market with regard to event activity that could utilize a potential Fox Cities convention center, 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 convention and tradeshow demand have taken place within the industry over the past decade. As the demand for convention, conference, tradeshow and related public assembly space has continued to grow industry-wide (after a two-year contraction following 9/11 and the downturn of the national economy), so have the responses to this demand from both the public and private sectors. Within this chapter, we present an evaluation of the following areas:

- Industry definitions and characteristics
- Macro industry demand and supply issues
- Destination uniqueness

Industry Definitions and Characteristics

The public assembly event industries are diverse and dynamic, consisting of a wide variety of events, many of which focus around a collection or gathering of individuals for the purpose of entertainment/recreation and/or face-to-face communication and the transmission of ideas/information. Typical industry event segments include:

- Conventions – Events traditionally held by professional associations of international, national, regional, state or local scope. Many of these groups tend to hold annual events that rotate among various destinations within a particular region. In addition, certain large corporations hold annual conventions.
- Conferences – Meetings held by professional associations, non-local corporations and local area companies. While sometimes used interchangeably with the term "convention," these events tend to be smaller, on average, than conventions and are also less exhibition-focused.
- Tradeshows – Events traditionally held by professional associations of international, national, regional, state or local scope, as well as private events hosted by one or more corporations. Some of these groups tend to hold annual events that rotate among various destinations within a particular region, similar to conventions, while others are fixed in specific cities each year.
- Consumer Shows – Exhibit-based shows are typically open to the general public and generally draw from the local area. These events tend to charge a nominal fee for entry and typically include events such as home & garden shows, boat shows, auto shows, gun shows, antique shows, career fairs, etc.
- SMERF (Social, Military, Educational, Religious, Fraternal) – Events include reunion-type meetings of groups and members, educational conferences and other such events. These events tend to be more sensitive to cost aspects than association and corporate groups.
- Meetings/Banquets – Events include functions hosted by local service clubs (Rotary, Shriners, and Elks) intended to share information, generate interest and spur membership. Other

private events include local corporate meetings/training, exams, wedding receptions, anniversary/birthday parties and private banquets.

- Spectator Events – Ticketed and non-ticketed, both athletic and non-athletic entertainment and educational events. Events are most often held in arena or stadium-type facilities with plenary seating. Events include professional/amateur sports, high school/collegiate sports, concerts, family and motor shows and speaking engagements. Many non-sporting spectator events generally require plenary seating, as well as a stage and sound equipment.

Exhibit 1 illustrates a summary of traditional event types along with their key characteristics.

Exhibit 1
Summary of Industry Event Types

Event Types	Primary Purpose	Key Facility Requirements	Typical Facility Used	Attendee Characteristics
Conventions	Information exchange, sales & networking	Exhibit, Ballroom & Meeting space	Convention Center, Conference Center	Predominently non-local
Conferences	Information exchange, sales & networking	Ballroom and Meeting space	Conference Center, Hotel, Convention Center meeting space	Depends on scope of group, many are predominently non-local
Tradeshows	Sales & Advertising	Exhibit space	Convention Center, Exhibition Center, Tradeshow Facility	Depends on scope of show, can have large percentage non-local
Consumer Shows	Sales & Advertising	Exhibit space	Convention Center, Exhibition Center	Mostly local
Social, Military, Educational, Religious, Fraternal Events	Information exchange, civic, social, networking	Meeting, banquet, multipurpose space	Civic/Community Ctr., Exhibition Center, Conv./Conf. Center	Depends on scope of group, some are predominently non-local
Meetings / Banquets	Information exchange, training, incentive	Meeting and Ballroom	Conference Center, Hotel	Typically local
Spectator Events	Entertainment	Seating, stage/event floor	Arena, Civic Center, Exhibition Center	Typically local

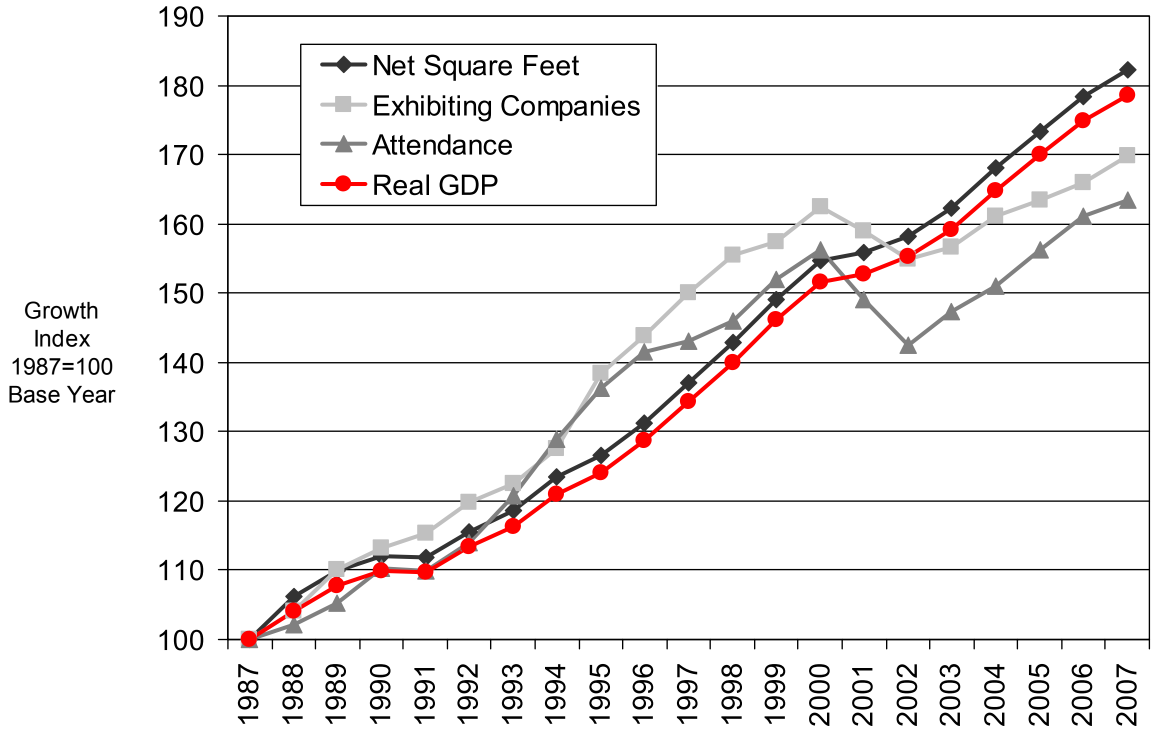
A variety of types of public assembly facilities exist in communities across the country that accommodate some or all of these types of events. Certain events tend to possess very specific facility and community requirements.

Macro Industry Demand & Supply Issues

Over the past 25 years, statistics point to generally stable year-to-year growth within the convention and tradeshow industry. The only periods during which key demand measurements did not experience growth were in the early 1990s during the first Gulf War and related economic recession, and for a recent two to three-year period following the events of 9/11 and subsequent economic downturn.

The most recent industry data suggests that the nationwide convention and tradeshow industry is in the midst of a renewed expansion, with demand levels generally recovering beyond pre-9/11 levels. Exhibit 2 plots the cumulative yearly percentage changes in the largest convention and tradeshow events across the country, since 1988. In addition, change in real Gross Domestic Product is presented to demonstrate the relationship between overall economic performance and the convention and tradeshow industry.

Exhibit 2
Macro Issues – Large Tradeshow Demand Growth



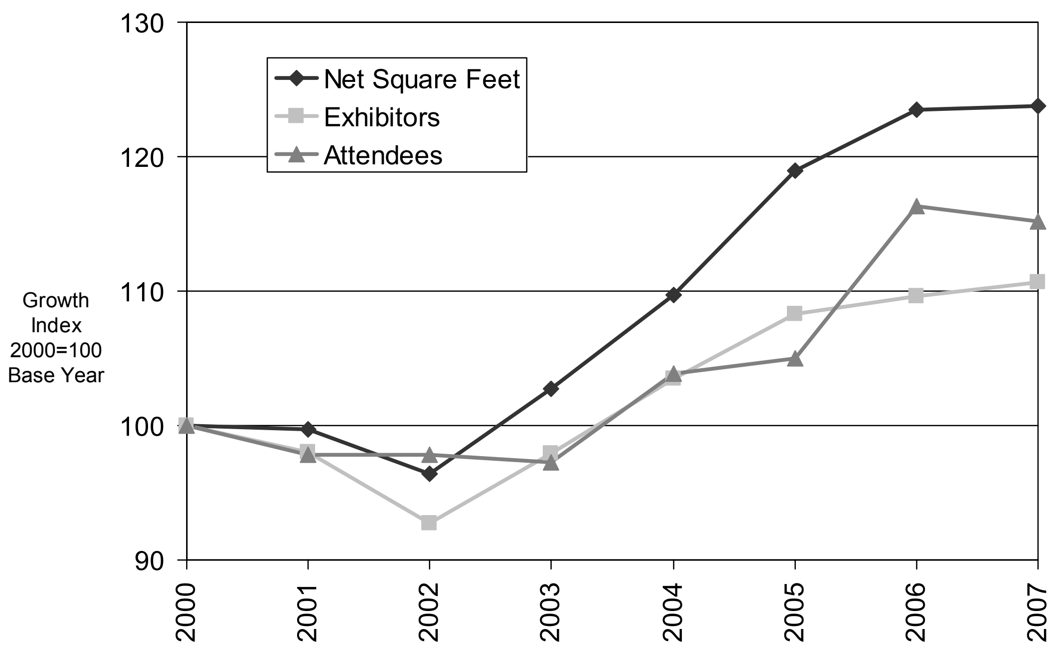
Source: Tradeshow Week, 2007; U.S. Department of Commerce, Bureau of Economic Analysis, 2007

As shown, the convention and tradeshow industry has had positive growth each year since 1988, with exception to the economic recessions that occurred in 1991 and 2001-2002. These nationwide economic recessions resulted in a retraction in the convention and tradeshow industry as companies and associations were cutting back spending on discretionary expenses and attendees were more hesitant to travel.

Additionally, the exhibit demonstrates the connection between the convention and tradeshow industry and the economy as a whole. The convention and tradeshow industry tends to register larger swings in percentage changes each year relative to real GDP. This characteristic can be seen during the economic recessions and booms, as the following years result in sometimes dramatic swings in percentage changes for the convention and tradeshow industry demand characteristics. The dips are exacerbated, as corporate discretionary spending (which convention and tradeshow expenses falls under) is, in general, a primary target for corporate budget reductions. Nevertheless, from a long-term perspective, demand in the convention and tradeshow industry has shown to generally mirror overall national economic growth.

While the previous exhibit demonstrated the industry in terms of the largest conventions and tradeshows across the country, the results do not portray the entire convention and tradeshow industry. In the following several exhibits, the industry characteristics will be provided as determined by the Center for Exhibition Industry Research ("CEIR"). CEIR has conducted extensive research, including the sampling of more than 300 events which represents a broad cross-section of exhibit based events (specifically, events requiring 7,500 square feet or more of exhibit space).

Exhibit 3
Macro Issues – Growths in All Exhibit Event Demand



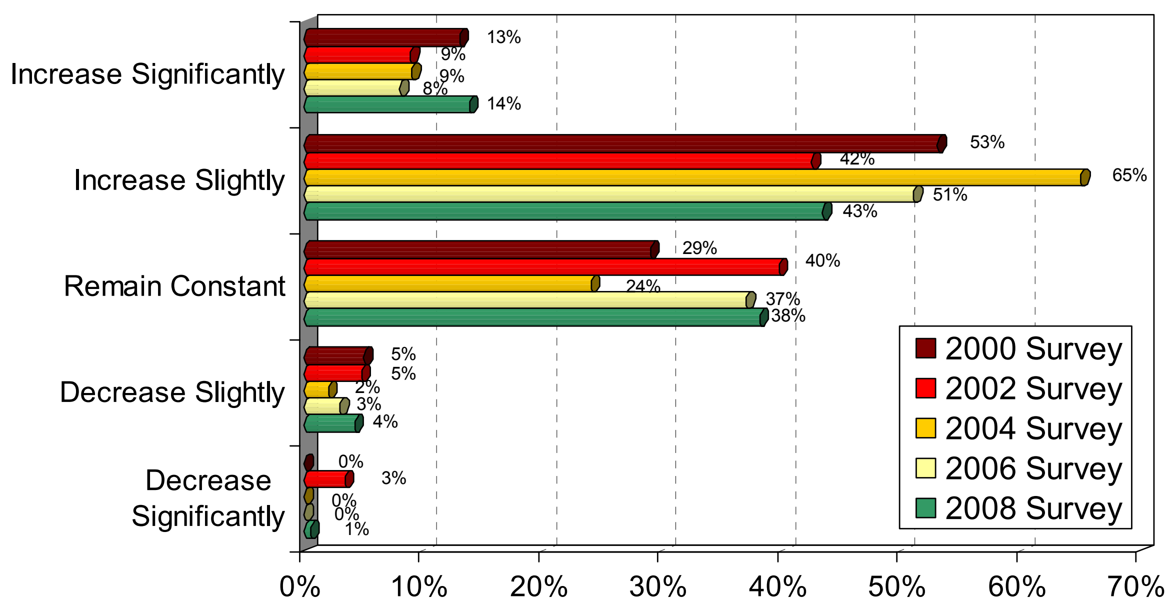
Source: CEIR Index Report, 2007

Consistent with the previous exhibits, CEIR data indicate that following the economic recession of 2001 and 2002, the exhibition industry has experienced steady growth over the past four years. However, in 2007, the growth rate shown in previous years has decreased slightly, indicating a stagnant year for growth. The CEIR data show a more modest reaction to the condition in the early part of the decade. Generally speaking, the larger trade events as measured by TS200 tend to respond more significantly to economic conditions compared to the overall convention and tradeshow industry.

In addition to the CEIR data, an analysis of data contained in a proprietary database maintained by Destination Marketing Association International (formally the International Association of Convention & Visitors Bureaus) suggests similar trends, including a recent strengthening of rotating event activity. The "DMAI" data suggests that the number of industry-wide events has grown since 2004 and the average attendance per event is reaching levels that have not been seen since 2000. Additionally, the data indicates that convention-related hotel room nights are still down; however, tracking of this statistic has become increasingly difficult as a growing number of convention attendees have been booking their hotel rooms independently through online portals rather than through the event's official block of rooms (which usually represent the only figures recorded). When coupled with the substantial strengthening and growth of the lodging industry (in terms of performance statistics and new construction projects) and an analyzed sampling of convention center occupancy levels, it further provides additional evidence that the convention, exhibitions and meetings industry is in the midst of a recovery following a short period of contraction in the early years of this decade.

Detailed surveys with meeting planners of major rotating national and regional conventions, conferences and tradeshows also support a pattern of modest industry growth. Over the past eight years, CSL International conducted four major telephone surveys of meeting planners that included questions concerning the expected change in their group's number of events, space needs and attendance levels. It is believed that this data is a strong reflection of the industry's sentiment and represents an informal outlook concerning the near-term trends affecting the industry.

Exhibit 4
Future Outlook by Meeting Planners
Expected Change in Space Requirements Over Next 5 Years



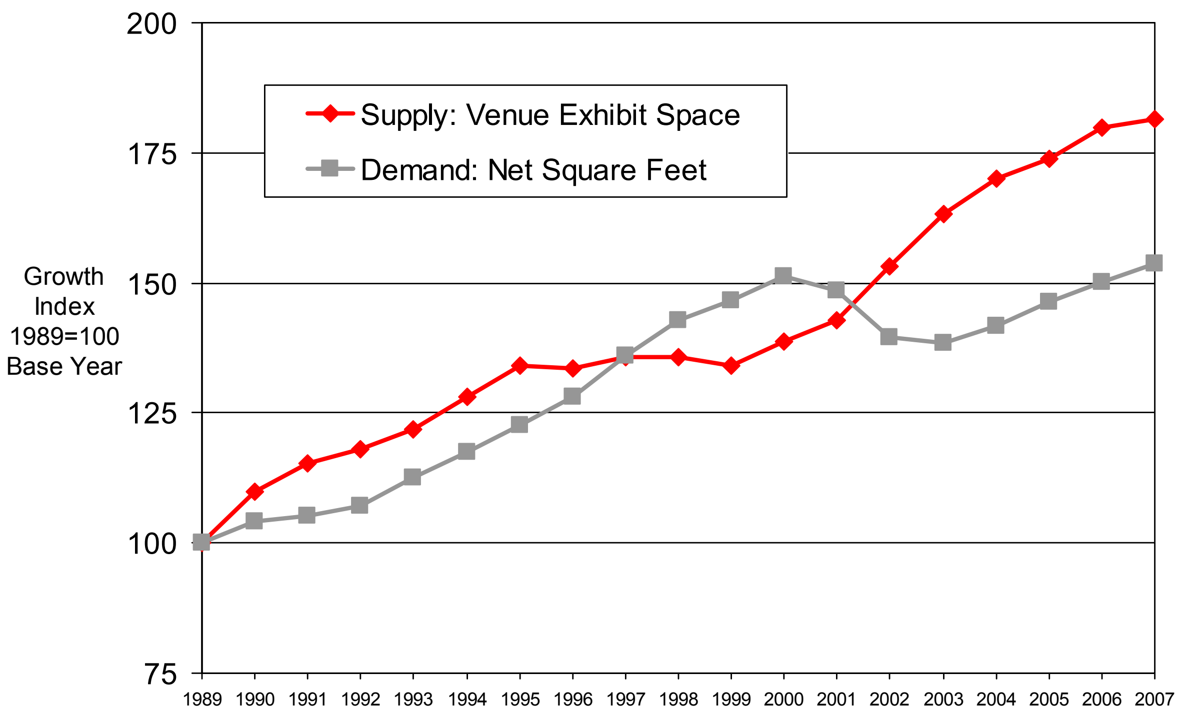
Source: CSL International National/Regional Convention Planner Surveys, 2000 – 2008.

As shown in the exhibit, data obtained through the 2000 survey (prior to 9/11 and the economic downturn) show a "bullish" outlook on continued industry growth, with 13 percent of respondents indicating that they expect their group's space needs to "increase significantly". In the months following 9/11, the data exhibit a more reserved future outlook, with 40 percent indicating that space needs are expected to "remain constant" and the first incidence of a small percentage indicating that they may "decrease significantly". In the latest 2006 and 2008 surveys, indications point to varying, yet positive industry growth opinions. Overall, the survey data support a generally positive outlook on future industry growth, with some tentativeness that is likely shaped by the tumultuous events over the past six years and the relatively gradual economic recovery presently underway.

Tradeshow Week produces yearly reports that inventory the supply characteristics of the industry. The data reflect the addition, renovation and removal of exhibit space within facilities nationwide that offer exhibit space. The Tradeshow Week data suggests a general increase in supply each year since 1990 with two exceptions of years in which supply generally remained stagnant (less than one percent decreases). When overlaid with the demand of net square footage required by conventions and tradeshows, the results indicate a supply "echo effect." Demand in this case reflects data for the TS200, or the largest 200 tradeshows in the industry.

The echo effect demonstrates that when there is an increase in demand and occupancy of existing facilities, communities start planning an increase of space to their markets. However, as there are several years of lag time for planning and construction until the supply comes to fruition, an echo effect between supply and demand takes place. The supply and demand is shown as a cumulative change from year to year in Exhibit 5.

Exhibit 5
Macro Issues – Convention Center Supply vs. Large TS Demand

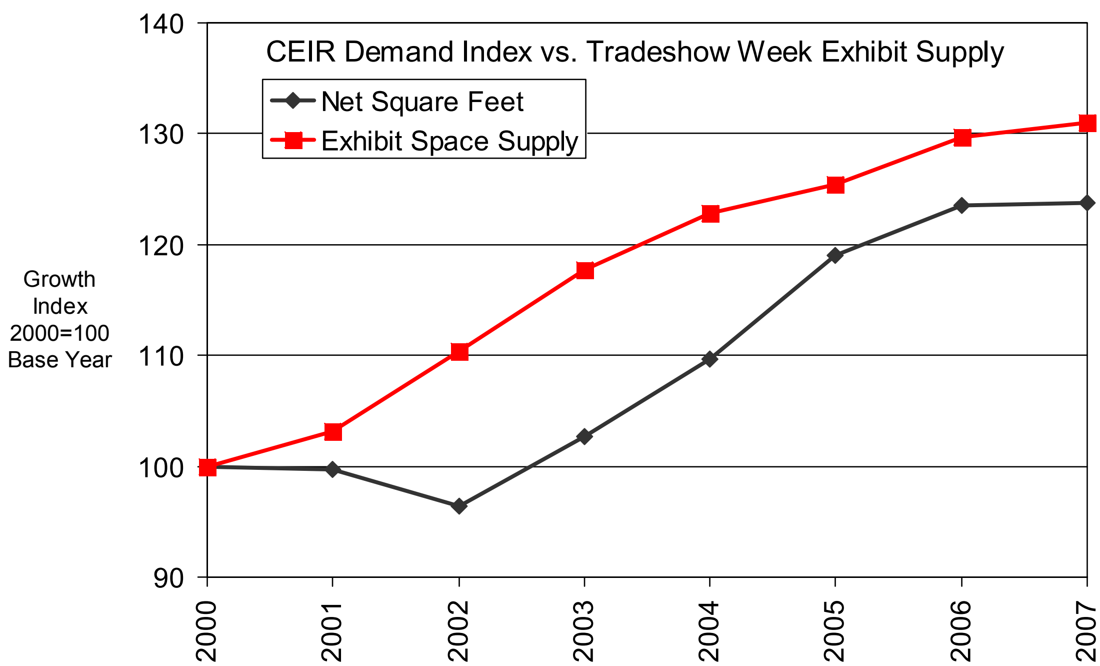


Source: Tradeshow Week, Tradeshow Week Major Exhibit Hall Directory, 2007.

The cumulative growth of both supply and demand, presented in the previous exhibit, further demonstrates the echo relationship of industry supply and demand. There is potential concern that the sizable gab between supply and demand in the last few years indicates a general oversupply in the industry. Overall, industry trends have demonstrated that the demand will adjust to meet supply, and vice versa.

Exhibit 6 presents the supply and demand characteristics as tracked by the CEIR data, which represents a greater portion of exhibit-based events and the industry as a whole.

Exhibit 6
Macro Issues – CC Supply vs. All Exhibit Event Demand



Source: CEIR Index Report, 2007; Tradeshow Week Major Exhibit Hall Directory, 2007.

Similar to the previous exhibit focusing on the largest convention and tradeshow events, the above exhibit shows a general lag in demand of exhibit square feet to industry exhibit space supply in the last four years. However, it is more important to note that the sizable supply/demand gap in 2004 and 2005 is less pronounced when considering a broader measure of demand as presented by CEIR.

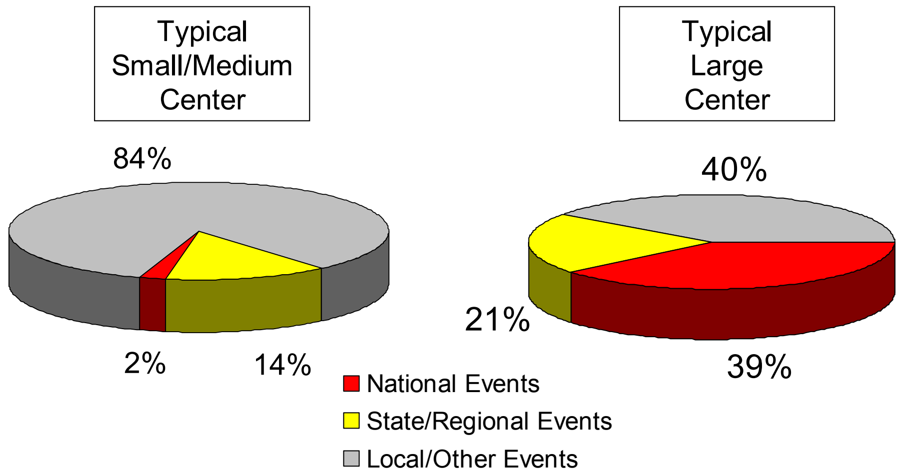
Destination Uniqueness

While it is believed that challenges have and will continue to exist in certain localized markets, every community and destination is unique and application of blanket industry-wide, macro assessments of supply and demand phenomena are often ill-advised. To the contrary, an experienced, thorough approach in measuring the unique demand generators and associated costs and benefits in a specific community is the most effective way in which to evaluate potential development projects requiring public investment, which is the aim of this study.

While much of this chapter has focused on national industry demand and supply trends, it is critical to consider this information in appropriate context. While most relevant for large, top-tier convention destinations, most information pertaining to the health of the national convention industry holds little relevance for small and mid-sized destinations. The most important event segments for many of these smaller markets tend to be local events and state and regional events (rather than national events). This is normally reflected in the event profiles of convention facilities operating in these markets.

As an illustration, Exhibit 7 presents an aggregated summary of the typical event profiles of a selection of small and mid-sized convention centers versus large convention centers.

Exhibit 7
Macro Issues – Typical Convention/Conference Center Event Mix



Source: CSL International analysis of convention center event data, 2007.

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 and tradeshow demand have taken place within the industry over the past decade. As the demand for convention, tradeshow and related public assembly space has continued to grow industry-wide (after a two-year contraction following 9/11 and the downturn of the national economy), so have the responses to this demand from both the public and private sectors.

However, every community and destination is unique and application of blanket industry-wide, macro assessments of supply and demand phenomena do not consider the uniqueness of individual markets. Like nearly everything in a free market society, individual convention centers operate in a "survival of the fittest" environment. Destination appeal is normally the common denominator with successful projects. Convention centers located in the strongest destinations tend to be the most successful, while facilities located in destinations with weak appeal and/or deficient visitor amenities more often struggle or underperform industry averages.

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. "Connectivity" issues are often addressed that physically and perceptually bring together the district to other nearby attractions and districts. Healthy, vibrant and exciting environs surrounding the convention center are normally viewed very attractively by event planners and can provide important advantages in marketing a destination and its convention center.

5.0. 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 Fox Cities. To form a basis for the analysis, a variety of techniques were used. Specifically, detailed telephone interviews were completed with convention, tradeshow, conference and meeting planners, representing key event segments that could use a potential Fox Cities center. This survey-based technique provides a detailed understanding of potential user needs, their willingness to use a potential Fox Cities facility, as well as overall perceptions of Fox Cities as a potential host community for their event.

The market analysis has also been supplemented with data from previous studies, operating results from competitive/comparable facilities and our review of local market conditions and visitor amenity infrastructure in Fox Cities.

Survey Research

The purpose of this section is to provide a summary of the survey research conducted with respect to a potential new convention center in Fox Cities. Specifically, detailed telephone interviews were completed with event planners representing key event segments that could use a potential new Center in Fox Cities. This survey-based technique provides a detailed understanding of potential user needs, their willingness to use a potential Fox Cities facility, as well as overall perceptions of Fox Cities as a potential host community for their event.

Given Fox Cities' 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 potential new convention center in Fox Cities would predominately be events hosted by state and regional groups (as opposed to national groups). Additionally, as will be discussed in a subsequent chapter, local events (as in nearly all convention facilities) would be expected to contribute the largest share of facility use (in terms of total number of events). While local events tend to be the largest users of facilities, they generate little new economic impact for host communities (as opposed to the room nights and new spending generated by non-local event attendees and exhibitors). As such, estimation of the market demand associated with non-local state and regional groups is normally of particular interest for communities evaluating new convention center development.

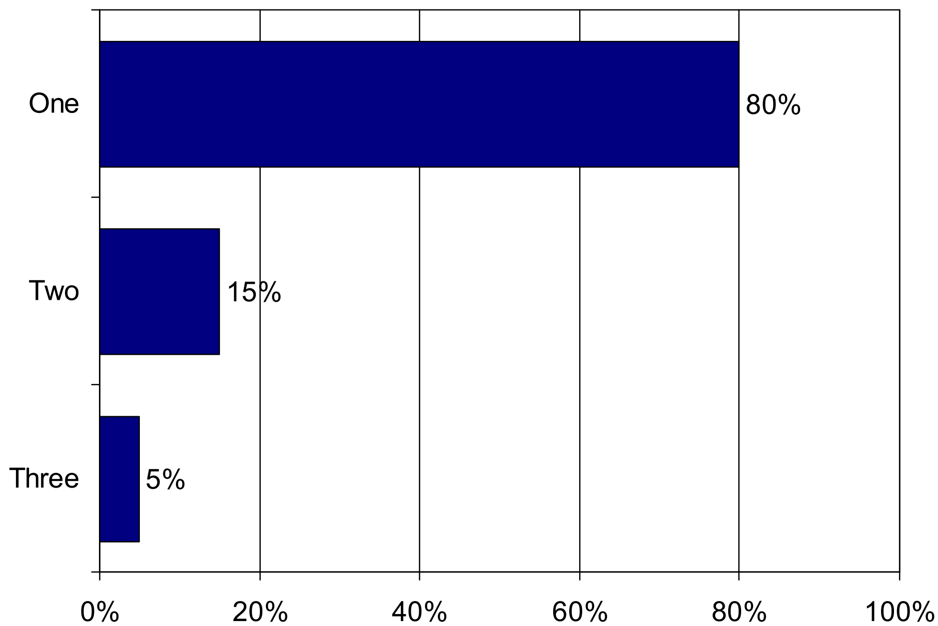
In order to test the potential event market for a new convention center in Fox Cities, a detailed telephone survey was conducted with planners of state and regional conventions, conferences and tradeshows. The survey consisted of more than 350 "dialings", resulting in completed interviews with 100 individual planners, representing more than 150 rotating events. Surveyed groups included professional associations, SMERF (social, military, education, religious, fraternal) groups and other producers of rotating state and regional events.

Relative to other states in the country, the estimated population of state and regional groups in Wisconsin with recurring, rotating events is believed to be higher than the average U.S. state. In general, the population of these groups is often directly correlated to both the resident and corporate population of host states/regions.

A primary objective of the survey of the state and regional organizations was to ascertain their perceived interest in using a potential new convention center in Fox Cities for one or more future events. The events identified through the state surveys were analyzed in terms of potential for being held in the Fox Cities and in terms of attributes unique to the individual events. The survey results produced information on the likelihood concerning state and regional organization planners rotating their event(s) to Fox Cities, as well as specific event characteristics of those events that represent the potential event markets.

Survey respondents were asked how many recurring off-site events their organizations produce annually. As presented in Exhibit 1, survey results indicate that 80 percent of the state and regional organizations produce one major off-site event annually, while 15 and five percent hold two and three events annually, respectively. Secondary events, beyond the primary annual event held by all the respondents, tend to be smaller events that are important, nonetheless, to communities through their generation of economic impacts.

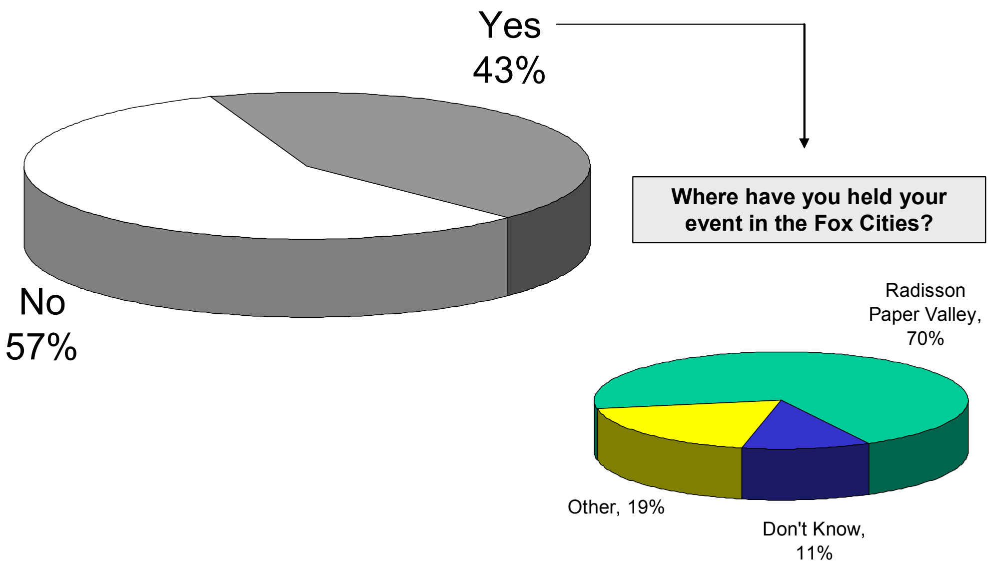
Exhibit 1
Telephone Survey – Total Number of Events Produced Annually



Source: CSL State & Regional Organization Survey, 2008.

One of the initial questions posed to survey respondents focused on groups' past experience hosting events in Fox Cities. As illustrated in Exhibit 2 on the following page, 43 percent of the state and regional organizations surveyed had used Fox Cities as a site for an event in the past. While this indicates that a majority of the sampled market has not held an event in the Fox Cities, the level of past users is relatively high compared to telephone surveys of this nature completed for other similar markets. Seventy percent of the groups indicating past use of Fox Cities facilities indicated that their event(s) were held at the Radisson Paper Valley. A measurement of groups that have not held an event in the Fox Cities is important as it represents a "starting point" for evaluating what portion of the potential market would be "incremental" business to the Fox Cities area.

Exhibit 2
Telephone Survey – Past Utilization of Fox Cities Area Facilities

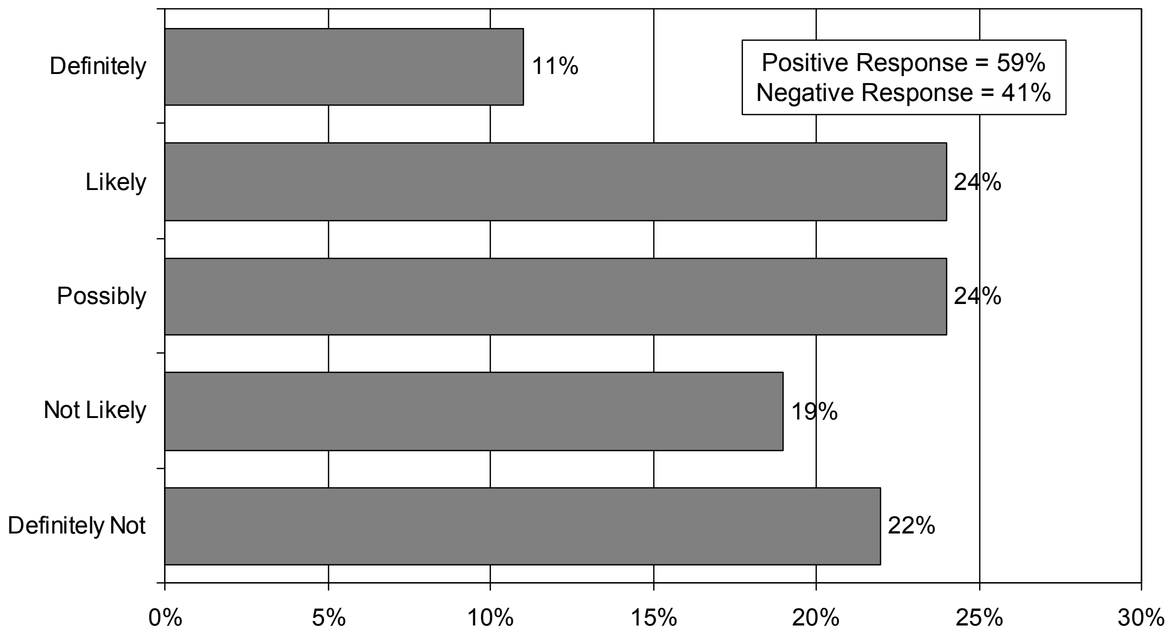


Source: CSL State & Regional Organization Survey, 2008.

Likelihood of Utilizing a New Convention Center in Fox Cities

State and regional organization planners were asked to indicate the likelihood of their organization using a Fox Cities convention center, assuming it and the area's hotel inventory meets the needs of their event(s). Responses related to state and regional groups surveyed are presented in Exhibit 3, on the following page.

Exhibit 3
Telephone Survey – Likelihood of Utilizing a New Fox Cities Convention Center

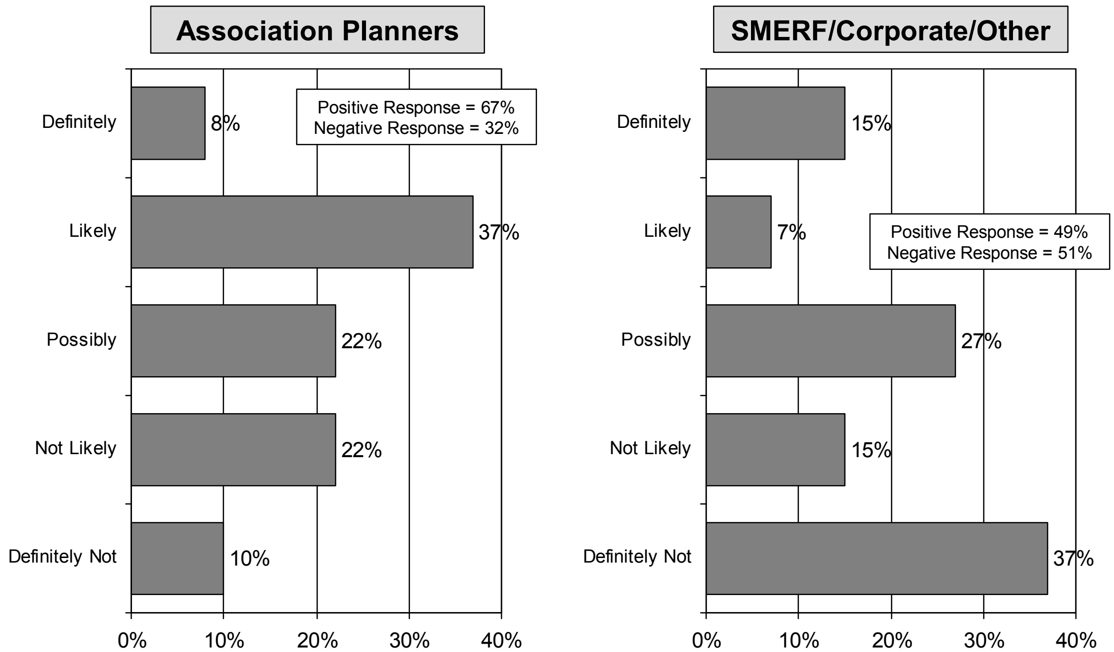


Source: CSL State & Regional Organization Survey, 2008.

The overall positive interest by respondents in rotating one or more events to Fox Cities if sufficient facility space and hotel inventory existed is 59 percent. Specifically, 11 percent indicated their group would "definitely" hold an event in Fox Cities, 24 percent "likely," 24 percent "possibly," 19 percent "not likely," and 22 percent "definitely not." The large concentration of positive interest responses in the "possibly" category is typical in surveys of this nature. Based on other surveys that CSL has completed in recent years, Fox Cities' response is characterized as a moderately high interest level.

Exhibit 4 presents the Fox Cities' likelihood figures shown according to whether the planner surveyed was an association planner or SMERF/corporate/other group planner.

Exhibit 4
Telephone Survey – Likelihood of Utilizing a New Fox Cities Convention Center

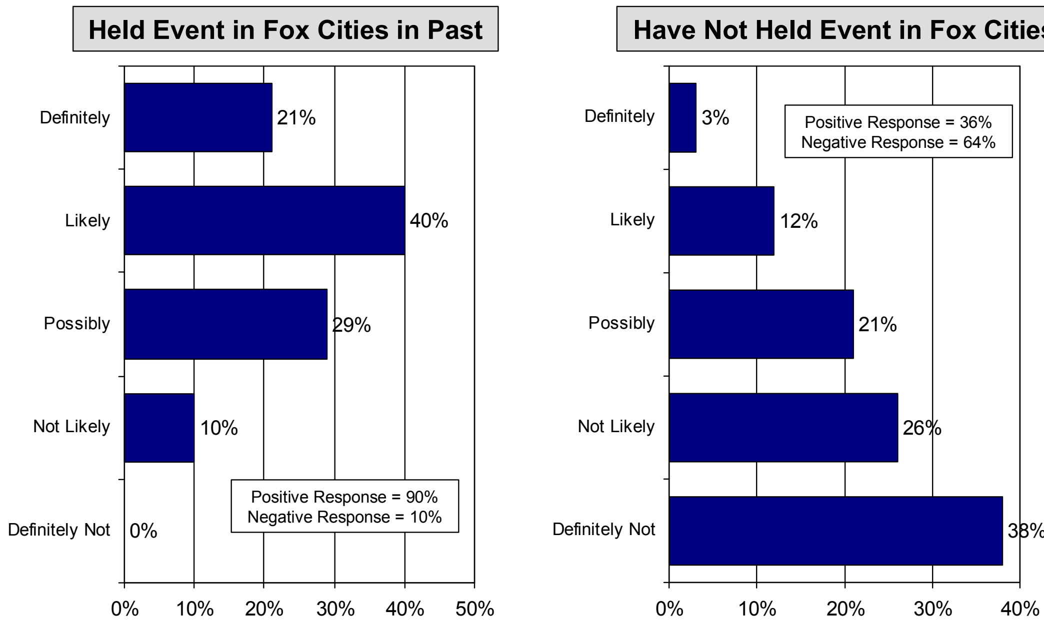


Source: CSL State & Regional Organization Survey, 2008.

As shown, association planners had a 67 percent positive response rate, while the SMERF/corporate/other planner indicated a 49 percent response rate. The relatively high percentage of surveyed groups under the SMERF/corporate/other category that responded "definitely not" is typical for events of this type, as some of these groups remain fixed in a particular community (i.e., do not rotate) or have other specific reasons that would prevent them from considering the Fox Cities destination.

Exhibit 5 presents the likelihood of utilizing a new Fox Cities convention center broken apart by whether the planners interviewed had held an event in the Fox Cities in the past or not. This is an important indication of interest levels of groups that have never been to the Fox Cities in the past (thereby representing the "incremental" business that would likely be a critical target for facility investment).

Exhibit 5
Telephone Survey – Likelihood of Utilizing a New Fox Cities Convention Center



Source: CSL State & Regional Organization Survey, 2008.

A review of the data suggests that past Fox Cities users hold the destination in high regard, with 90 percent indicating that they would consider future events if convention facilities were available that were suitable for their event(s). Of those groups that have not held an event in the Fox Cities in the past, 36 percent indicated that they would consider the area if suitable convention and hotel facilities existed to accommodate their event(s) and attendees. Relative to other surveys conducted of this nature, this response is somewhat higher than typical, and represents an important indicator of potential "incremental" business that a new Fox Cities convention center could attract.

In order to provide a comparative basis (or context) for the Fox Cities' measured level of interest, Exhibit 6 presents a summary of interest levels measured through a number of similar state and regional organization telephone surveys recently conducted for comparable CSL studies. Each of the communities listed represents small or medium-sized communities.

Exhibit 6
Telephone Survey –Fox Cities Comparison of Interest Levels with Other Similar Studies

	Fox Cities, WI	Plainfield, IN	Bemidji, MN	Temple, TX	Stillwater, OK	Midland, TX	Davis County, UT	Hammond, LA	Lansing, MI	Richmond, IN	Boise, ID	Grand Junction, CO	Muskegon, MI	Provo, UT	Owatonna, MN	Branson, MO	New Braunfels, TX	Jackson, MI	St. Cloud, MN	Carbon County, UT	McAllen, TX	Boulder, CO	**Average (1)**
Interest Levels:																							
Definitely Use	**11%**	11%	3%	0%	15%	5%	21%	12%	33%	1%	24%	11%	5%	11%	3%	10%	2%	9%	8%	6%	4%	6%	**10%**
Likely Use	**24%**	14%	12%	4%	19%	11%	16%	11%	12%	3%	29%	6%	10%	16%	4%	13%	10%	4%	10%	8%	7%	13%	**11%**
Possibly Use	**24%**	41%	28%	17%	38%	30%	25%	42%	30%	33%	9%	36%	21%	40%	36%	17%	33%	34%	27%	40%	18%	26%	**30%**
Not Likely Use	**19%**	24%	30%	44%	19%	25%	25%	25%	7%	31%	13%	32%	23%	20%	30%	27%	30%	24%	28%	15%	24%	23%	**25%**
Definitely Not Use	**22%**	10%	28%	35%	9%	29%	13%	10%	18%	32%	4%	15%	41%	13%	28%	33%	25%	29%	27%	32%	47%	32%	**24%**
Positive Response	**59%**	**66%**	**43%**	**21%**	**72%**	**46%**	**62%**	**65%**	**75%**	**37%**	**62%**	**53%**	**36%**	**67%**	**43%**	**40%**	**45%**	**47%**	**45%**	**54%**	**29%**	**45%**	**50%**
Strength of Interest (2)	**2.78**	**2.62**	**1.46**	**0.54**	**3.21**	**1.65**	**3.40**	**2.59**	**4.50**	**0.91**	**4.03**	**2.12**	**1.42**	**2.70**	**1.22**	**1.99**	**1.36**	**1.78**	**1.84**	**1.80**	**1.11**	**1.77**	**2.10**
Population Basis (3)	**1.47**	1.23	1.24	2.29	0.61	2.29	0.58	0.87	1.74	1.23	0.61	1.18	1.74	0.58	1.24	1.10	2.29	1.74	1.24	0.58	2.29	1.18	**1.33**
Demand Index	**4.09**	**3.22**	**1.81**	**1.24**	**1.96**	**3.78**	**1.97**	**2.25**	**7.83**	**1.12**	**2.46**	**2.50**	**2.47**	**1.57**	**1.51**	**2.19**	**3.11**	**3.10**	**2.28**	**1.04**	**2.54**	**2.09**	**2.78**

Note: Data represented includes all organizations interviewed
(1) Average excludes Fox Cities
(2) Comparative strength rating that applies weighting to positive responses, with higher weight applied to "definitely use" vs. lower weight for "possibly use." Strongest possible score under this rating equals 10 (i.e., if "definitely use" = 100%)
(3) Represents estimated size of state/regional event population (average state = 1.00)
Source: Recent CSL International state/regional organization telephone surveys.

As presented in the exhibit, Fox Cities' overall positive response percentage ("definitely," "likely," and "possibly") of 59 percent is higher than the average of the similar study surveys compared of 50 percent. Further, while the overall positive response percentage is useful in comparatively evaluating the general interest in a particular destination, it is important to recognize differences in the "strength" of specific stated interest. To better assess these variations, a formula was developed to consider the "strength of interest," whereby a weighting system is applied to positive responses. The highest weight is applied to a "definitely use" response, while the lowest weight is applied to a "possibly use" response. Using this method, Fox Cities again measures higher than the average comparable survey in terms of its "strength of interest" score (2.78 versus an average survey score of 2.10), reflecting stronger than average positive response percentages among the highest weighted categories (i.e., "definitely" and "likely").

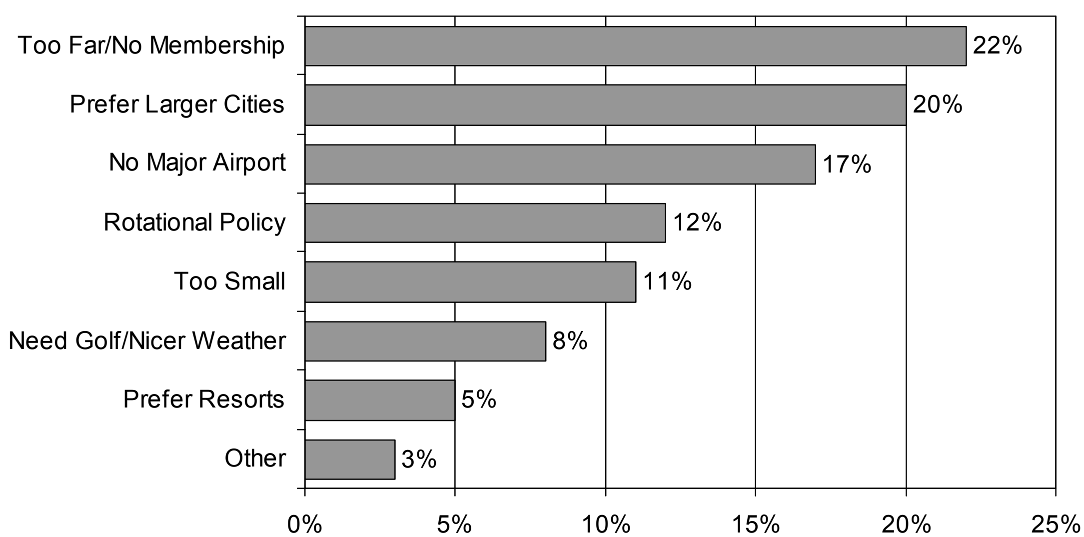
As each convention destination has a different population of rotating state/regional events, a "demand index" was formulated. The "demand index" uses the "strength of interest" score for each market and weights it against the estimated population base of rotating events. Specifically, it is estimated that the number of rotating events that have Wisconsin within their rotation region is higher than that of the average U.S. state. The resulting demand index for a potential new Fox Cities convention center is among the highest among the telephone surveys completed for comparable projects throughout the country. However, it is important to recognize that a higher than typical percentage of Fox Cities' demand represents business that the community is theoretically already accommodating (much of it via the Radisson Paper Valley Hotel, as was previously discussed).

It is important that this analysis is a characterization of comparative gross demand, but does not take into consideration (1) competition from other regional convention/conference facilities, (2) the specific ability of a local community to accommodate this demand through its amenity package and the unique characteristics of the ultimately developed conference center and its site characteristics, and (3) other quantifiable and non-quantifiable cost/benefit justifications for considering facility development.

Reasons for Not Choosing Fox Cities

Event planners who indicated that they would not likely use a potential new convention center in Fox Cities were asked to expand on their reasons. Based on survey results, reasons for not likely rotating to Fox Cities for a future event varied among respondents. A graphical summary of the reasons that state and regional organization planners indicated for not anticipating choosing Fox Cities as a future destination are illustrated in Exhibit 7.

Exhibit 7
Telephone Survey – Reasons for Not Considering a New Fox Cities Convention Facility



Note: Of those respondents with a negative interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

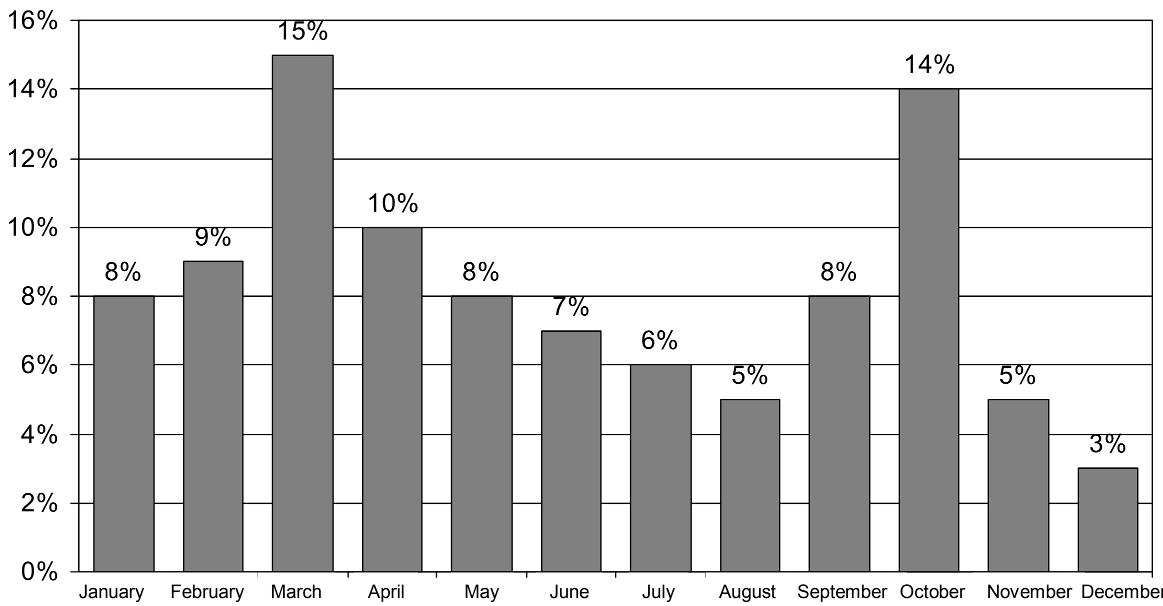
As shown, the majority of state and regional organizations stated that the main reason they do not choose to hold their events in Fox Cities is Fox Cities is too far away or their lack of membership in the area. Other common reasons for not choosing Fox Cities include the preference for larger cities, the lack of a major airport in the area, group's rotational policy and the preference for a nicer climate that offers golf year round or resort destinations.

Facility Usage Characteristics

Rotating events typically have specific preferences and/or requirements regarding the months in which their event can occur. Likewise, organization planners typically employ a particular rotational policy that allows the event to return to a specific location only after a certain period of time.

Exhibit 8 presents the seasonality patterns for those state and regional events that represent the potential market demand for a potential new convention center in Fox Cities.

Exhibit 8
Telephone Survey – Event Seasonality

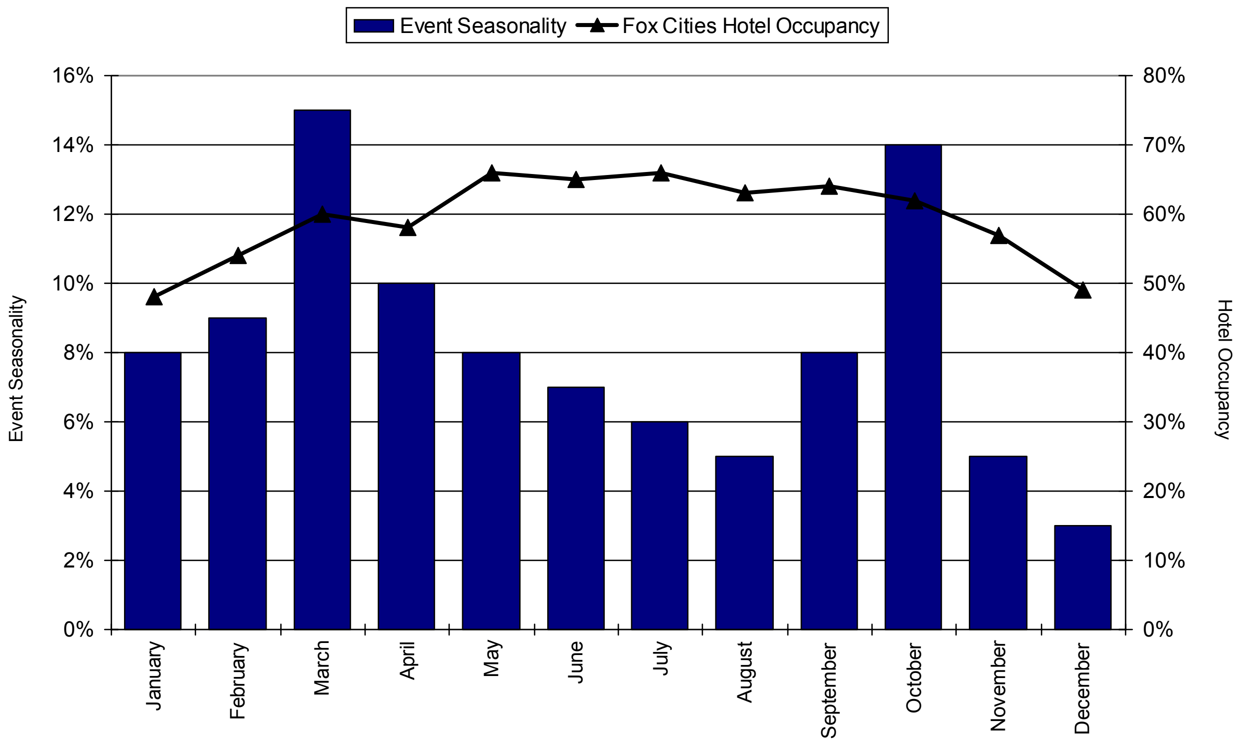


Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

Of the 59 percent of interviewees responding with a positive interest toward a potential new facility in Fox Cities, it was found that event seasonality tends to peak in the spring (March) and late fall months (October) and subside in the other summer and winter months of the year. This type of spring and fall seasonality pattern is typical within the industry.

Exhibit 9 presents the seasonality patterns for those local area events that represent the potential market demand for a potential Fox Cities convention center overlaid with recent Fox Cities occupancy figures.

Exhibit 9
Telephone Survey – Event vs. Existing Hotel Seasonality

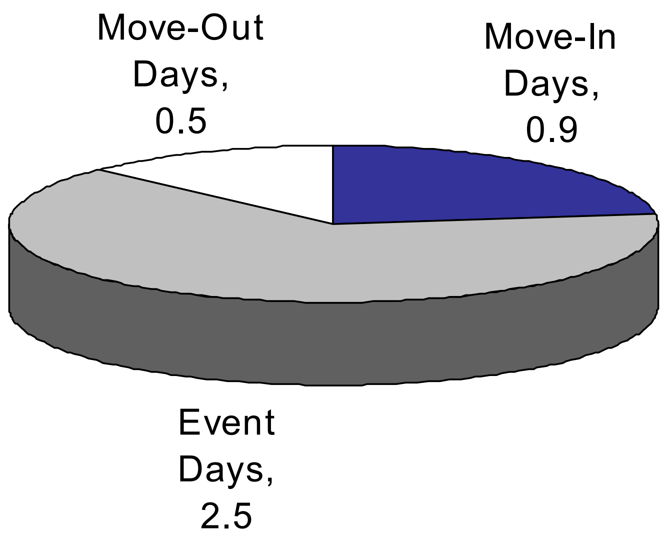


Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

This data illustrates how potential event demand for a potential Fox Cities convention center might overlap with existing hotel demand in the local marketplace. Convention event seasonality is estimated to be at its lowest levels during the peak periods in local hotel occupancy in the Fox Cities (summer).

It was also found that the average number of days the facility would be used, per event, among those expressing a positive interest in Fox Cities is 3.9 days. Exhibit 10 illustrates the distribution of average estimated move-in, move-out and meeting/event days indicated through the survey via interested respondents.

Exhibit 10
Telephone Survey – Use Characteristics & Requirements



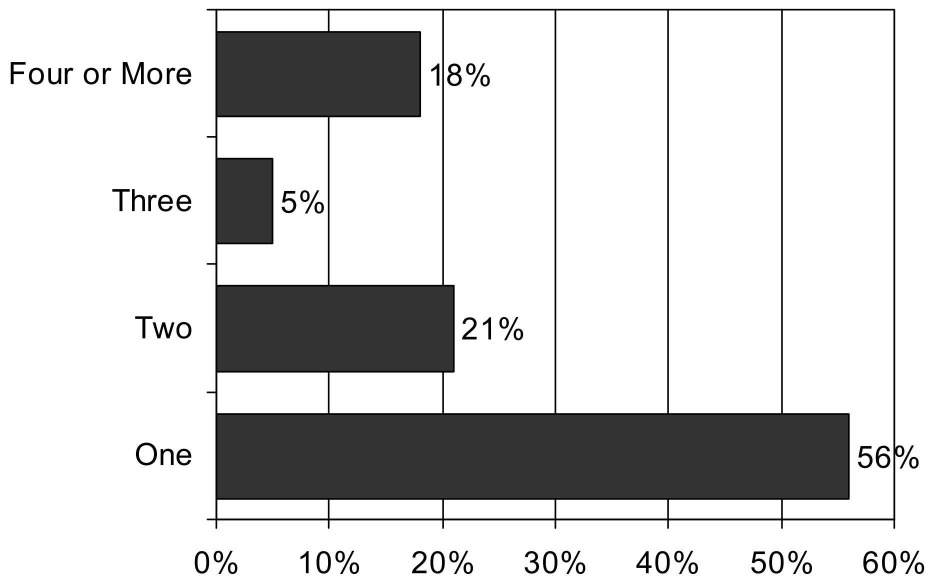
Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

Hotel Requirements

As discussed throughout this report, one of the most important aspects in attracting conventions and conferences is the availability of committable, convention-quality hotel rooms. "Convention-quality" is a term that varies based on the particular community and type of group considered. Some state and regional organizations with an interest in Fox Cities would likely be willing to use a significant portion of the local area's existing and planned quality properties. However, some state and regional organizations will likely require one or more full-service hotel properties of a quality higher than that presently offered in the Fox Cities area.

Although a headquarters hotel may be required, state and regional organization events with a larger membership base may also use additional hotel properties in order to achieve their room blocks. Exhibit 11 presents a summary of the number of hotels that state and regional organization events are willing to use to fill their room blocks.

Exhibit 11
Telephone Survey – Number of Hotel Properties Willing to Use to Fulfill Block

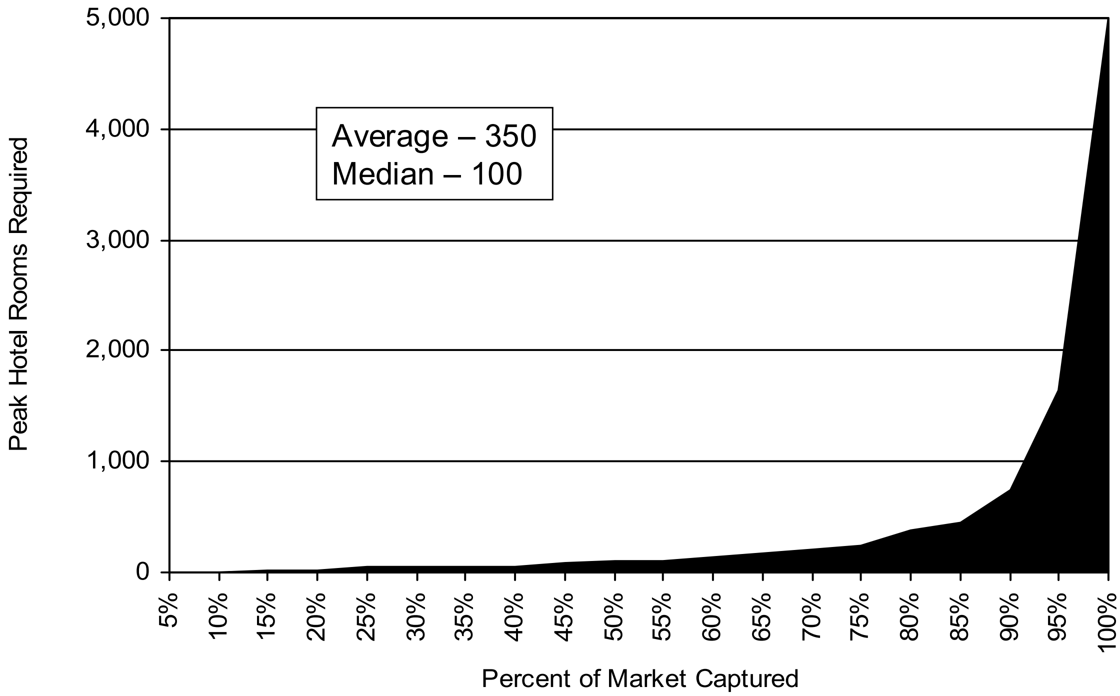


Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

As shown above, 44 percent of the state and regional organization market would be willing to assemble a room block in more than one hotel property. Generally, groups with a large delegate attendance use multiple hotel properties, while a smaller group will typically only use one or two properties. The majority (56 percent) of respondents indicated that their event is willing to only use a single hotel (the vast majority of which are relatively small to mid-sized events that could reasonably expect to fit in a single hotel property).

Exhibit 12 presents a summary of peak night hotel room requirements by events representing the primary market for a new convention center in Fox Cities.

Exhibit 12
Telephone Survey – Total Hotel Rooms Required

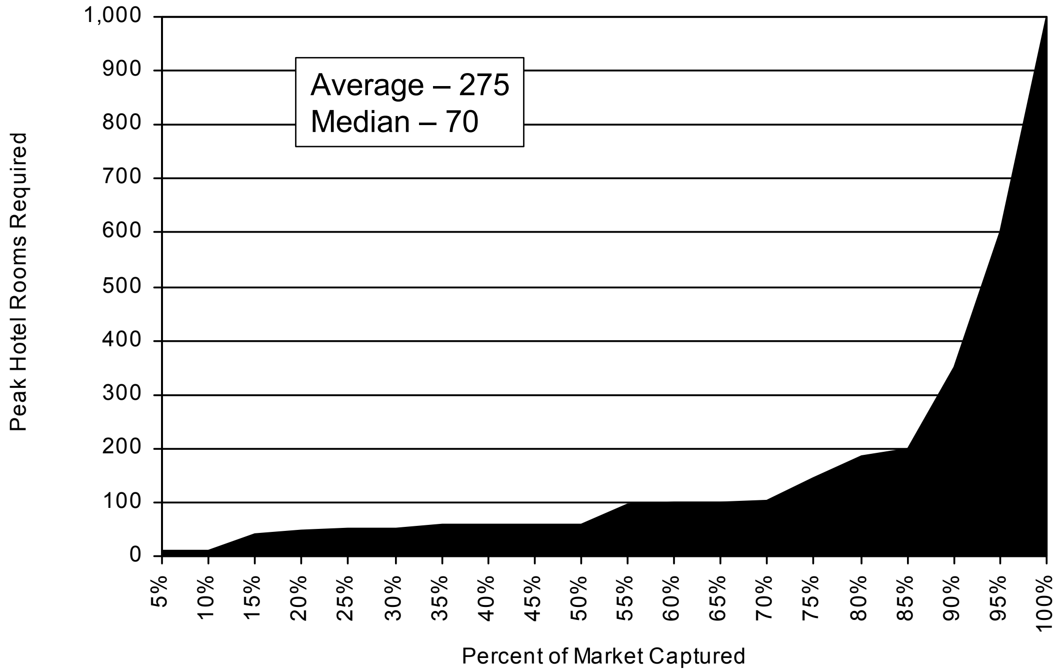


Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

As shown, 90 percent of Fox Cities' potential state and regional organization event market requires 750 hotel rooms or less, while 70 percent of potential events require less than 200 peak night rooms. This is a reflection of the mid-sized nature comprising Fox Cities' estimated state and regional market.

Exhibit 13 presents the number of hotel rooms required by groups who are not willing to use more than a single hotel to accommodate their event's room block.

Exhibit 13
Telephone Survey – Hotel Rooms Required by Groups Requiring a Single Hotel



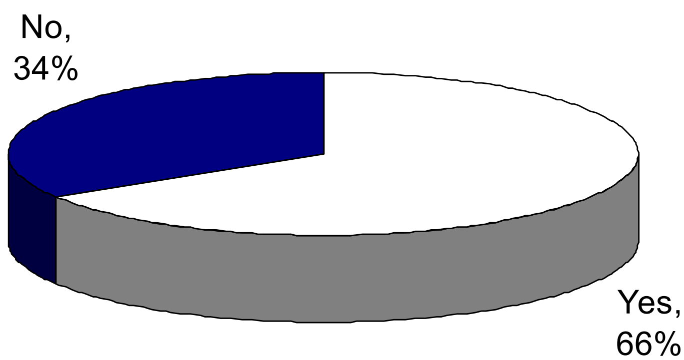
Note: Of those respondents with a positive interest in Fox Cities and requiring one headquarter hotel property for their group room block.
Source: CSL State & Regional Organization Survey, 2008.

The average room block required by groups requiring a single hotel for their room block was 275 rooms and the median was 70 rooms. The average figure is 75 rooms lower than the room block required by all potential Fox Cities events, while the median slightly lowered. This data begins to provide context for the potential sizing requirements for a headquarters hotel property associated with a new Fox Cities convention center.

Facility Space Requirements

While conducting interviews with various state/regional organizations, those respondents expressing a positive interest in Fox Cities indicated their organization's approximate need for square footage according to type of facility space. As indicated by the exhibits presented below and on the following pages, these space requirements are separated into the need for total exhibit space, total meeting space and total ballroom space. State and regional organization planners were first asked whether exhibit space was required for their event (i.e., containing a tradeshow component), summarized in Exhibit 14.

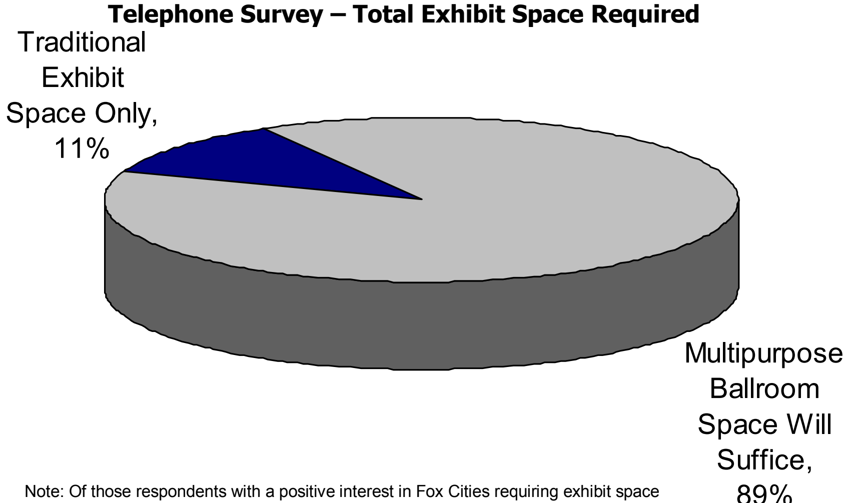
Exhibit 14
Telephone Survey – Exhibit Space Required



Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

As shown, 66 percent of surveyed planners responded that their event requires exhibit space. While this initially suggests that any new convention center in Fox Cities that lacks a traditional exhibit hall would miss out on over half of its potential market, it is our experience that many groups could use ballroom or other multipurpose space to fulfill their exhibition space requirements. Exhibit 15 presents meeting planners' requirement of traditional concrete floor exhibit space, or whether a multipurpose ballroom space would suffice.

Exhibit 15
Telephone Survey – Total Exhibit Space Required

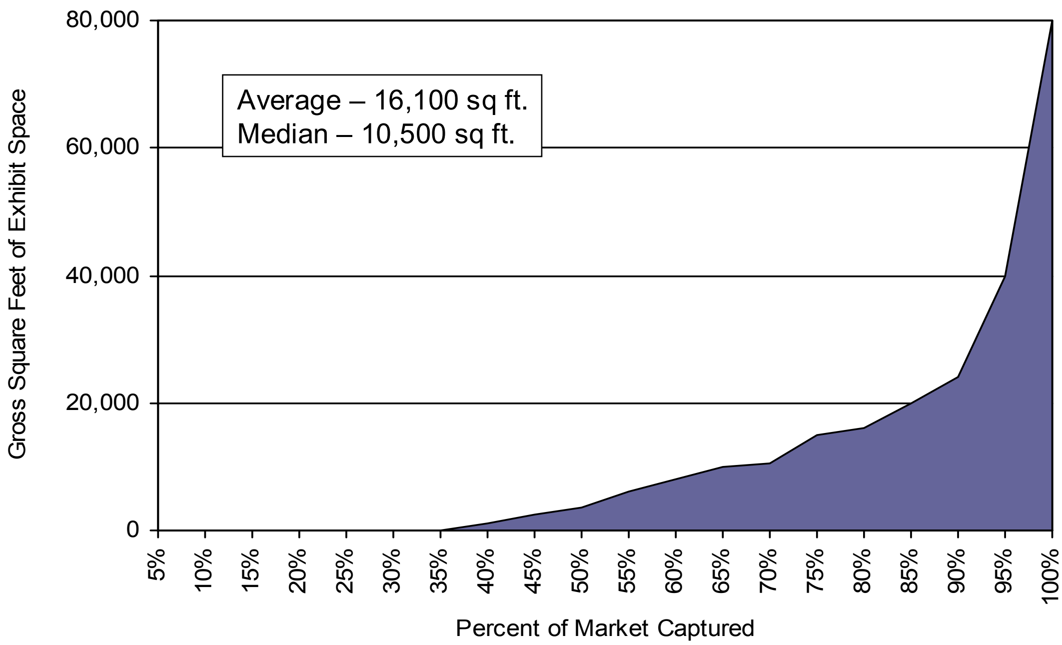


Note: Of those respondents with a positive interest in Fox Cities requiring exhibit space
Source: CSL State & Regional Organization Survey, 2008.

As shown in the exhibit on the previous page, only 11 percent of the respondents with a positive interest in Fox Cities (that require space for exhibitions/tradeshows), *require* traditional concrete floor exhibit space. The remaining (and majority) indicated a ballroom or other multipurpose space would be sufficient for their exhibition/tradeshow needs. Nevertheless, it is believed that this data highlights the importance of space appropriate for exhibit activities for a significant percentage of Fox Cities' state and regional event market. Additionally, as will be discussed, nearly all groups also require some level of breakout meeting space and/or ballroom space concurrent to their exhibition space needs.

Exhibit 16 summarizes the average exhibit space level associated with the state and regional event market.

Exhibit 16
Telephone Survey – Total Exhibit Space Required

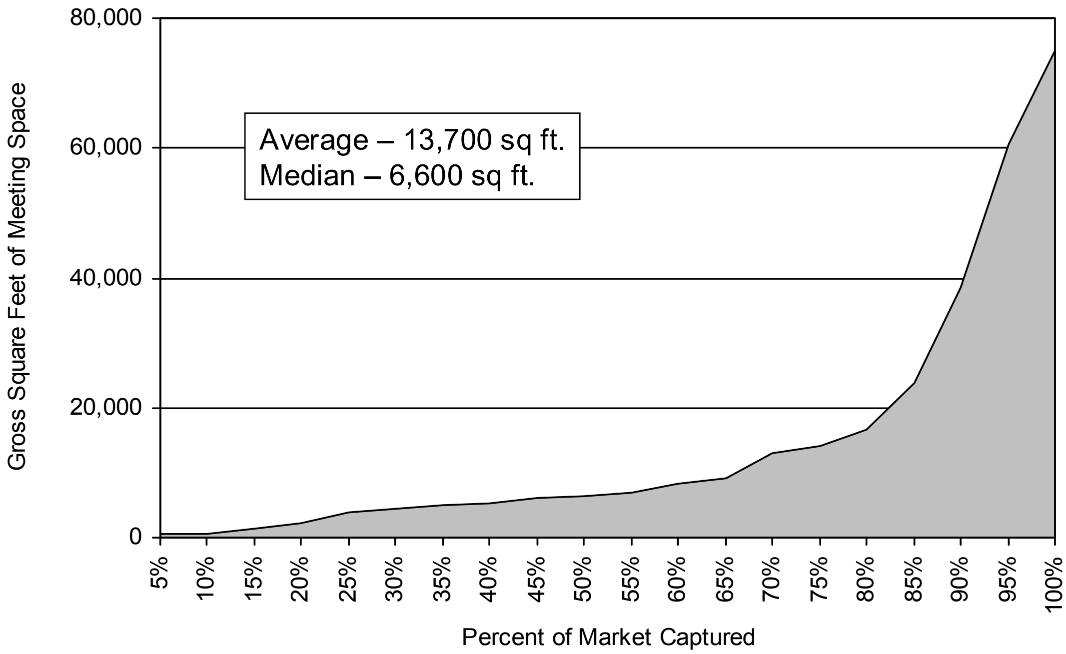


Note: Of those respondents with a positive interest in Fox Cities. Average and median only reflect respondents requiring exhibit space.
Source: CSL State & Regional Organization Survey, 2008.

As shown, of the 66 percent of Fox Cities' potential state and regional organization event market that require exhibit space, the average amount of exhibit space required by Fox Cities' state/regional organization market is approximately 16,100 square feet, with 90 percent of Fox Cities' market requiring 24,000 square feet of exhibit space or less. Thirty-four percent of Fox Cities' market potential does not require exhibit space as their events lack a tradeshow/exhibit component.

Breakout meeting space is a significant portion of a "complete" convention center. State and regional organization event planners were also asked to estimate the average meeting space levels for their events. Because meeting room space can be used for many different purposes, actual square footage requirements can vary considerably. Responses are summarized below in Exhibit 17.

Exhibit 17
Telephone Survey – Total Meeting Space Required

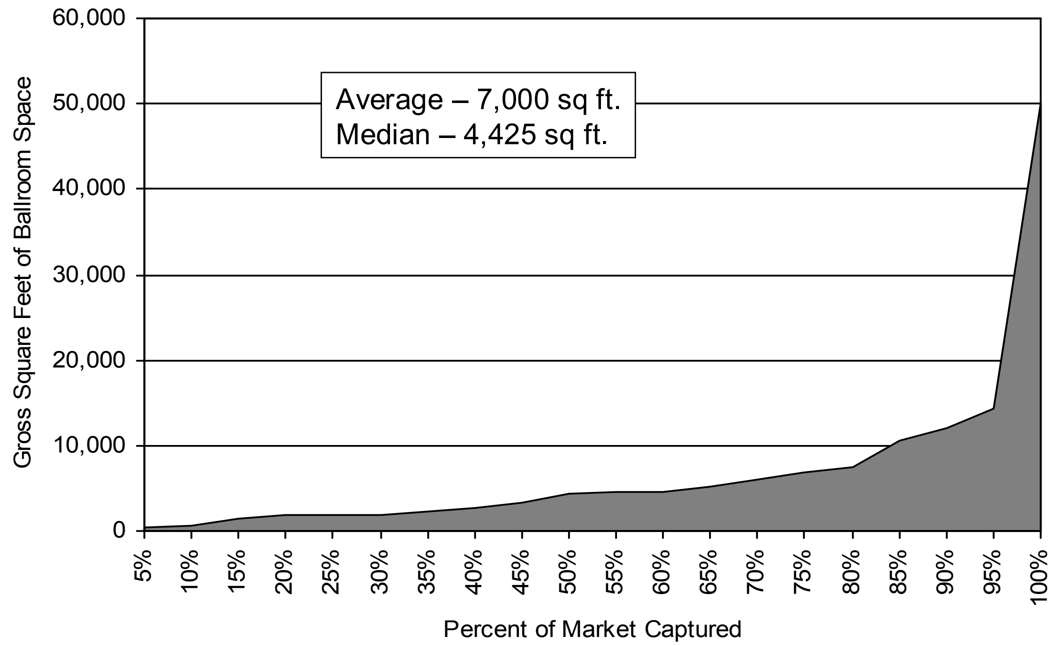


Note: Of those respondents with a positive interest in Fox Cities.
Source: CSL State & Regional Organization Survey, 2008.

As shown, in order to capture approximately 90 percent of Fox Cities' market, more than 38,500 square feet of breakout meeting space is required. It is important to note that other facility space, such as ballroom space (and even exhibit space in some cases) can often be used to accommodate meeting space requirements.

Event planners were also asked to estimate the average amount of ballroom space used for their events. Located on the following page, Exhibit 18 illustrates that 90 percent of Fox Cities' state and regional organization event market requires 12,000 square feet of dedicated ballroom space or less. It is important to note that ballroom space is the most versatile space offered in most convention centers. Ballrooms are regularly subdivided and concurrent events and/or activities are held in them.

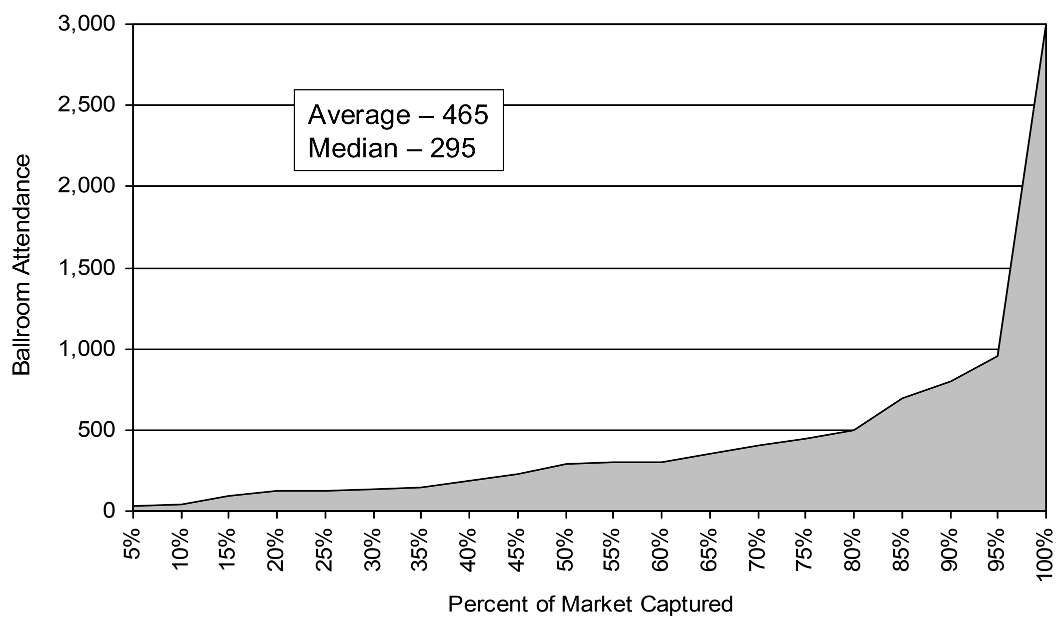
Exhibit 18
Telephone Survey – Total Ballroom Space Required



Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

Many planned conferences, conventions or meetings have seated banquets as part of the event. Exhibit 19 displays event planners' estimated seated ballroom attendance for their events.

Exhibit 19
Telephone Survey – Average Ballroom Function Attendance

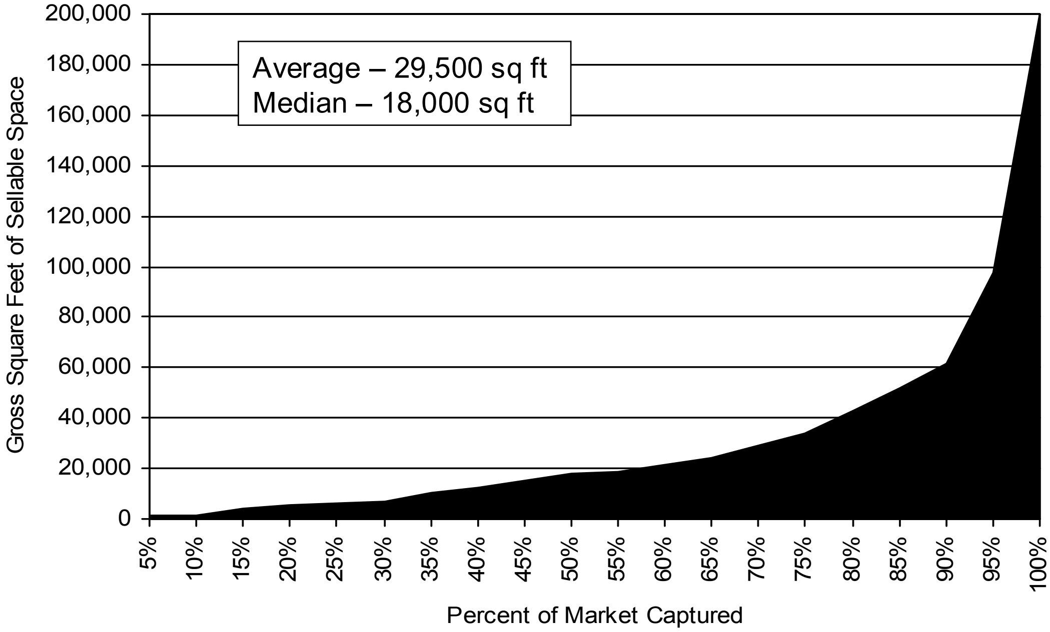


Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

In order to capture 90 percent of its state and regional organization event market, a Fox Cities convention center would need food function space (ballroom) for nearly 800 attendees.

Exhibit 20 summarizes the total sellable space levels associated with the state/regional event market.

Exhibit 20
Telephone Survey –Total Sellable Space Required



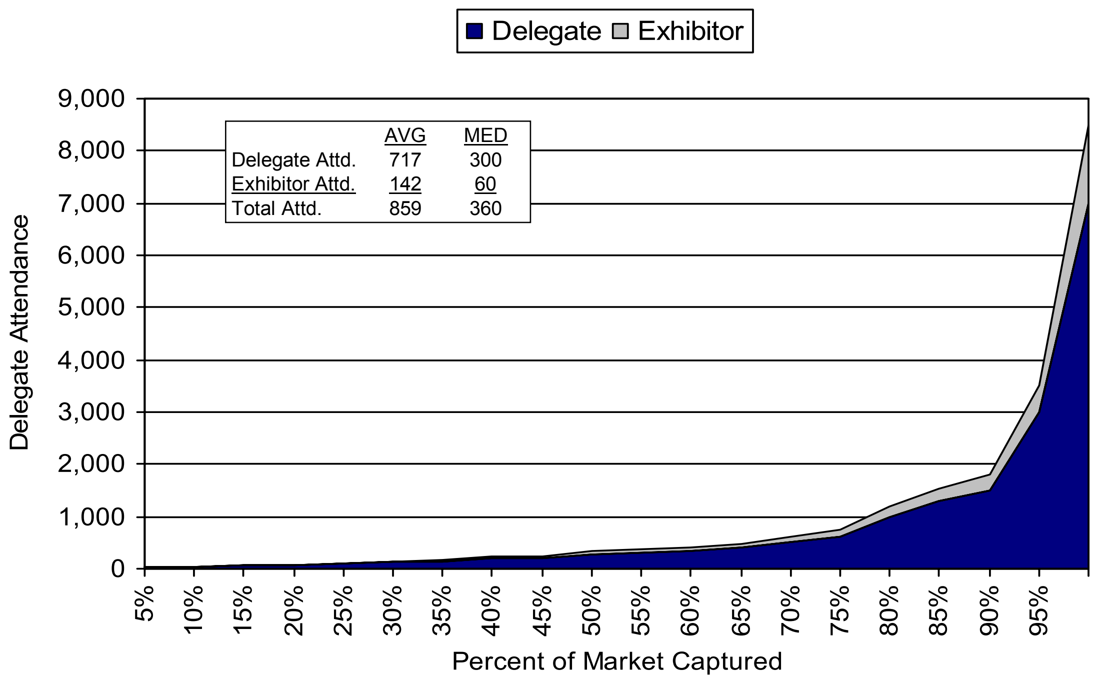
Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

As shown, state and regional groups surveyed require an average of 29,500 square feet and a median of 18,000 square feet of sellable space for their events. In order to capture 90 percent of the Fox Cities potential event market, 60,000 square feet of sellable event space would be required.

Delegate Attendance

Event planners were asked to estimate the average delegate attendance levels for their events. These figures exclude spouses and guests of the event's delegates. Responses are summarized in Exhibit 21.

Exhibit 21
Telephone Survey – Average Attendance



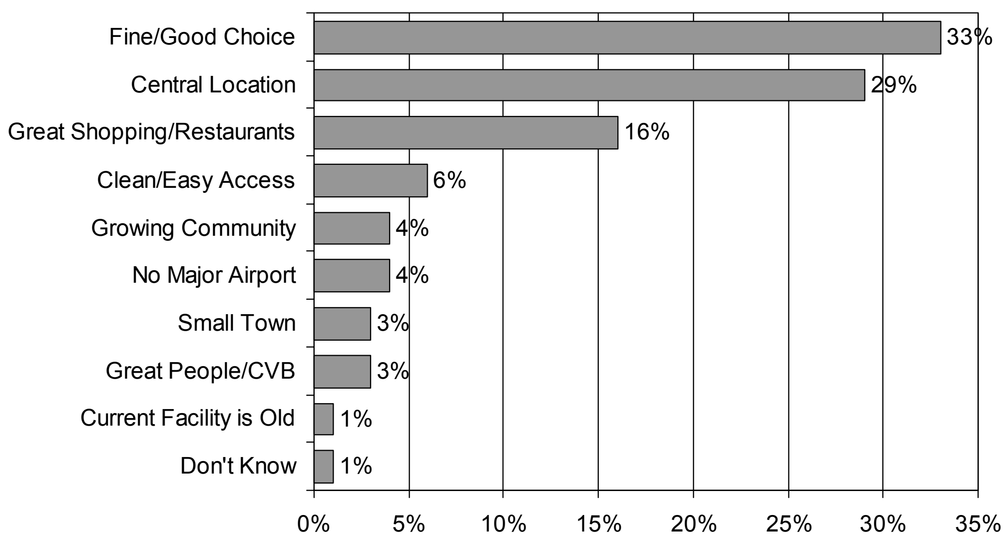
Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

This exhibit illustrates the percentage of the potential market represented by various levels of attendees to Fox Cities events. As shown, nearly 50 percent of the Fox Cities potential state and regional organization event market will have approximately 340 attendees or fewer, while 90 percent possess 1,800 or fewer.

Overall Impressions

Event planners were asked for their overall impressions of Fox Cities as a potential site for their organization's events. Their responses are summarized in Exhibit 22.

Exhibit 22
Telephone Survey – Overall Impressions of Fox Cities



Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey, 2008.

The majority of interested respondents indicated a general satisfaction with Fox Cities as a potential event destination, indicating a favorable proximity to other major state markets, centralized location, good amenities, clean and growing community. Concerns that were mentioned involved the perceived lack of a major international airport and the aging nature of the community's primary convention product (Radisson).

Market Demand Issues

An important part of evaluating the feasibility of a new convention center in Fox Cities is understanding what portion of Fox Cities measured market demand might represent incremental non-local event activity in the community. One method of approaching this is to compare the facility requirements indicated by interested convention survey respondents with Fox Cities' largest convention/conference facility—the Radisson Paper Valley in downtown Appleton.

Exhibit 23
Telephone Survey – Unmet Market Demand Issues

	Radisson Paper Valley	Fox Cities State/Regional Market Capture								
		20%	30%	40%	50%	60%	70%	80%	90%	100%
Exhibit Space	0	0	0	1,200	3,500	8,000	10,500	16,000	24,000	80,000
Ballroom Space (exhibition)	*13,730*	*0*	*0*	*1,200*	*3,500*	*8,000*	*10,500*	*16,000*	*24,000*	*80,000*
Ballroom Space (food function)	13,730	1,800	1,950	2,750	4,350	4,500	6,000	7,500	12,000	45,000
Meeting Space	19,965	2,100	4,350	5,250	6,300	8,250	12,900	16,500	38,500	75,000
Total Event Space	33,695	5,400	6,900	12,300	17,850	21,375	29,000	43,000	61,450	125,000
Total HQ Hotel Rooms	388	48	50	60	60	100	103	185	350	1,000

Note: Of those respondents with a positive interest in Fox Cities
Source: CSL State & Regional Organization Survey; Fox Cities CVB, Facility Management, 2008.

As shown, the Radisson Paper Valley Hotel does not integrate traditional exhibit space. As such, from a technical standpoint, it is not able to accommodate the 70 percent of the market that have exhibit space requirements. As was previously discussed, many of the groups that have exhibition components of their events are willing to use ballroom space for these needs. If we were to assume that all the groups with exhibitions were willing to use the Radisson's ballroom for their tradeshow/exhibit activities, the Radisson would technically be able to accommodate 70 percent of the market. However, it important to recognize that nearly all these groups have *concurrent* space needs and nearly all require a ballroom for food functions and/or general assemblies. This is where a major limitation with the existing Radisson is apparent, as the exhibit, food function and assembly needs of many mid-sized and larger groups are in excess of that which can be provided by the single subdividable ballroom in the existing Radisson.

Market Demand Conclusions

From a competitive standpoint, the Fox Cities "destination" has a number of important strengths, including its central location in eastern Wisconsin, driving proximity to several major state markets, perception of safety, and affordability. Appleton's vibrant downtown has many of the "traditional" amenities and characteristics that non-local groups tend to be interested in, such as restaurants, retail, nightlife, entertainment, a "walkable" central business district, and full-service hotel products. Other areas (Neenah, Menasha, Grand Chute, etc.) offer similar and contrasting amenities, providing unique and complementary "mini-destinations" in the overall marketplace. The Fox River Mall and other retail offerings have established the Fox Cities as a well-known regional shopping destination.

For a market its size, the Fox Cities has a relatively strong array of visitor amenities in place that makes it appealing to many small and mid-sized non-local groups, as evidenced by high interest levels by telephone survey respondents (100 individual telephone interviews with state and regional convention planners were completed for this study). In general, the survey of non-local groups suggest strong demand for Fox Cities convention facilities. While a significant percentage of respondents (43 percent) have held an event in the Fox Cities in the past, the analysis suggests a moderate to relatively high level of market demand is currently "unmet" via existing convention product in the marketplace. Guestroom counts and ballroom and meeting space levels at the Radisson Paper Valley Hotel are of sufficient number and size to address the majority of the market. However, the analysis suggests that the facility's lack of an exhibit (or multipurpose) hall is constraining its ability to attract a number of larger events, concurrent events and those with heavy exhibition needs. While the level of rotating events within Wisconsin is larger than the typical U.S. state, there is a relatively strong level of competitive facility product in the state, including continuing development in the Dells area.

If a new stand-alone convention center is developed in the Fox Cities, the market demand analysis suggests that significant competition will likely arise with the conference space at the Radisson Paper Valley Hotel as both would be competing for many of the same events. However, if a public/private partnership is pursued with the Radisson to create a convention center expanding upon the Radisson's existing product, the facility would be expected to attract event levels consistent with or slightly higher than the average comparable facility reviewed in this study.

6.0. MARKET SUPPORTABLE FACILITY PROGRAM

Based on the results of the analysis of local market conditions, competitive/regional facilities and host communities and market demand, an evaluation of the supportable facility program components was performed for a new convention center in Fox Cities.

The estimated market supportable facility program is tied closely to the unique characteristics of the Fox Cities market and the current/potential future hotel inventory and other visitor amenities in the area. Adjustments are made to reflect event segments that require hotel room blocks beyond the expected capacity of the Fox Cities area. The resulting market-supportable building program focuses on the levels of sellable space that would be necessary to accommodate potential convention, conference and meeting event demand for a Fox Cities convention center. Support areas, such as lobby, circulation, storage, office and other areas, are not specifically itemized within this analysis; however, based on state-of-the-industry facility development standards, such support spaces normally require square footage roughly equal to the amount of *sellable* square footage incorporated in the building.

Based on the previous analyses undertaken, key aspects of a market supportable facility program for a potential Fox Cities convention center are presented below.

- Exhibit Hall
  - Between 30,000 and 35,000 square feet of subdividable, column-free space
  - Minimum of 30-foot ceiling heights
  - Utility floor grids
  - Independent loading, public access, climate control, etc.
- Ballroom
  - Between 12,000 and 15,000 square feet of subdividable, column-free, upscale space
- Breakout Meeting Space
  - Between 15,000 and 20,000 square feet of breakout meeting space
  - Subdividable, multipurpose, upscale
- Sufficient pre-function, support and storage space
- Estimated facility footprint would approximate 114,000 to 140,000 square feet (greater than 2.5 to 3.0 acres), with additional acreage required for parking, ingress/egress, green space, loading/marshalling, etc.
- Parking is often the biggest "x-factor" in overall site acreage planning (i.e., surface versus structured parking, shared parking opportunities with hotel, etc.), that could add many acres to the site requirements.
- At least 350 quality hotel rooms (preferably full service) within close walking proximity (i.e., equivalent of two to three city blocks).

It is important to note that these space figures represent the amount of convention facility space that would be required to accommodate a majority of Fox Cities' event demand. Interestingly, the ballroom, meeting room and hotel guestroom levels at the Radisson Paper Valley Hotel meet or exceed the market supportable levels, with the exception of the Exhibit Hall, which is the single missing component.

7.0. SITE / LOCATION ANALYSIS

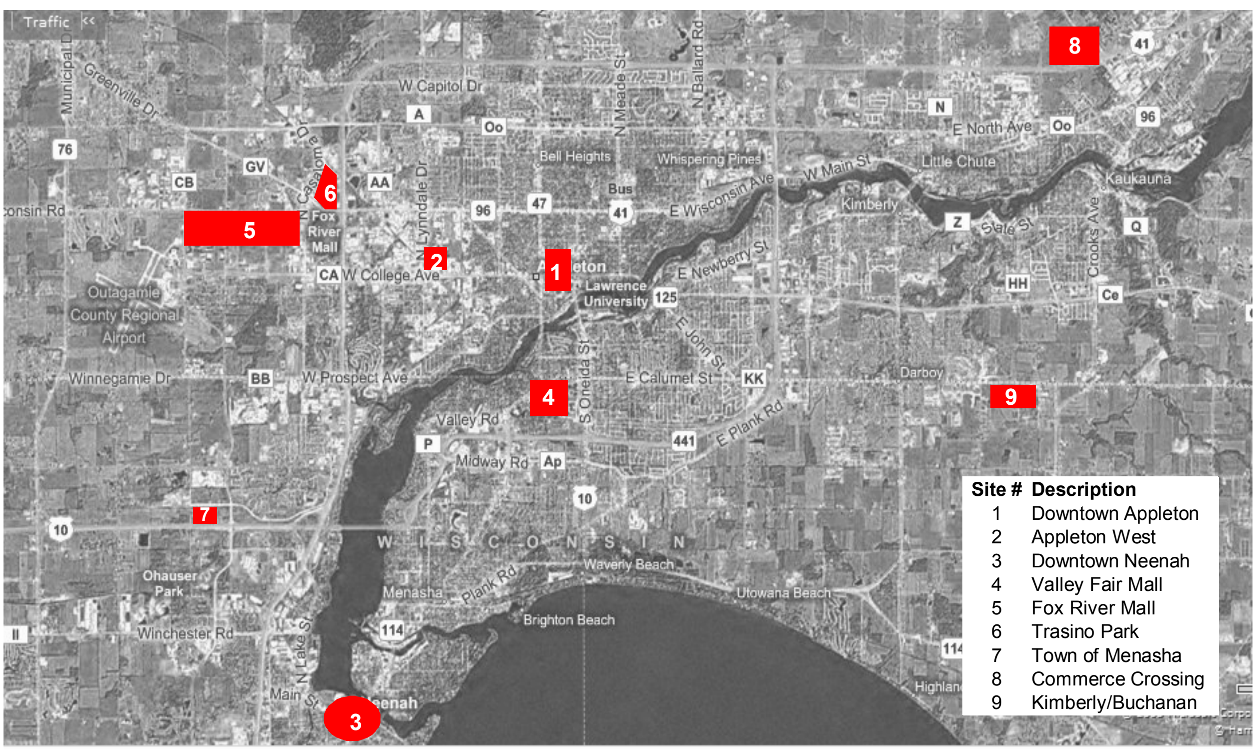
As important as size and configuration, the location and site of a convention facility can have a significant impact on the facility's operational success and its ability to generate new visitation and associated economic impact in a host community. As part of the overall evaluation of a potential new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

The intent of this type of analysis is to assist in focusing on the advantageous locations within the market for potential investment in convention center development, so that specific site parcels can be identified for further, more focused consideration. With the assistance of the CVB, Chamber and other parties, background and physical characteristic information for each of the subsequently identified parcels was assembled and reviewed and site tours were completed. 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. However, 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.

Potential Site Areas

In coordination with CVB representatives, a total of nine general site areas (plus some sub-sites) in the Fox Cities were identified for evaluation. Exhibit 1 displays each of the evaluated sites/locations.

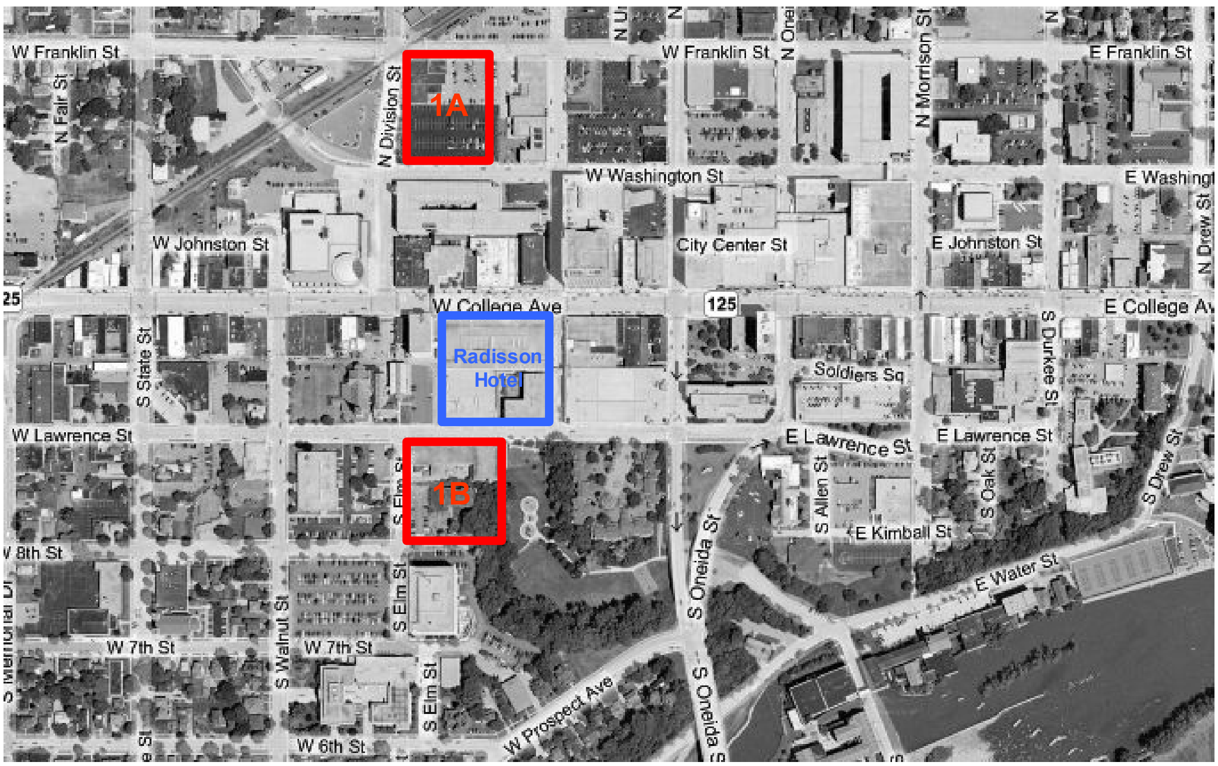
Exhibit 1 – Potential Sites / Locations



Because of the importance of locating convention facilities in close proximity to lodging, retail, restaurants and entertainment, an emphasis was placed on looking for locations proximate to existing hotels in the Fox Cities area to identify possible candidates for a potential convention center site. The nine sites spread across the Fox Cities area, including locations in the cities of Appleton, Neenah, Menasha, Kaukauna and Kimberly/Buchanan. The following illustrations locate the potential sites throughout the Fox Cities market.

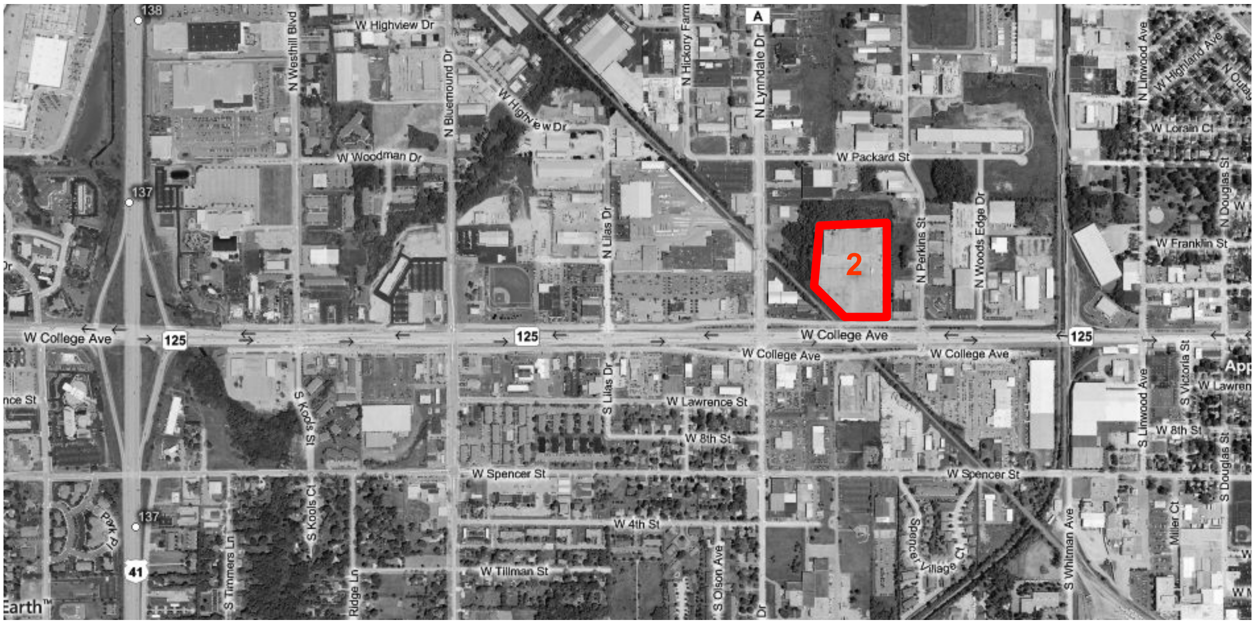
Site 1 A, B – Downtown Appleton

Two sites are highlighted in the downtown Appleton area. Site 1A is the location of the current Park Central building and is situated one block from the Radisson Paper Valley hotel. Site 1B is located immediately behind the Radisson Paper Valley, adjacent to Jones Park and is the former site of St. Joseph's school. The actual site parcel identified is 0.92 acres, however it is estimated that additional space could be available by either vacating the street west to the site, by including a piece of property that's currently the site of low income housing or by using some of the land in Jones Park. Additionally, a potential third downtown Appleton site was initially considered (on College Avenue immediately north of the Radisson via several small parcels), but was subsequently disqualified due to the inability to assemble a contiguous, ground-level footprint large enough to meet the requirements comprising the market supportable building program.



Site 2 – Appleton West

Site 2 is a vacant K-Mart building on College Avenue. The site consists of 12.09 acres.



Site 3 – Downtown Neenah

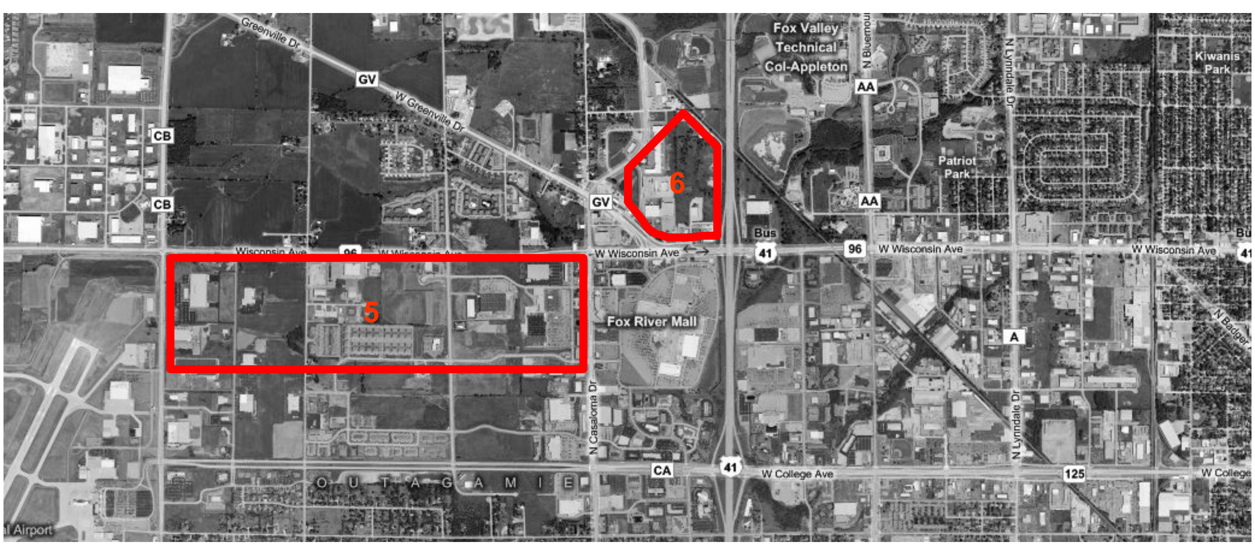
The third site is the general area of downtown Neenah. The downtown Neenah area is located along the Fox River and becoming a unique "destination" of its own within the Fox Cities market. A potential site located in downtown Neenah is the abandoned manufacturing Glatfelter building.

Site 4 – Appleton South (Valley Fair Mall)

The Appleton South (Valley Fair Mall) site is an old Kohl's department store building currently. The store is 107,000 square feet, while the site could reach 22 acres of useable space.

Site 5 & 6 – Fox River Mall / Trasino Park

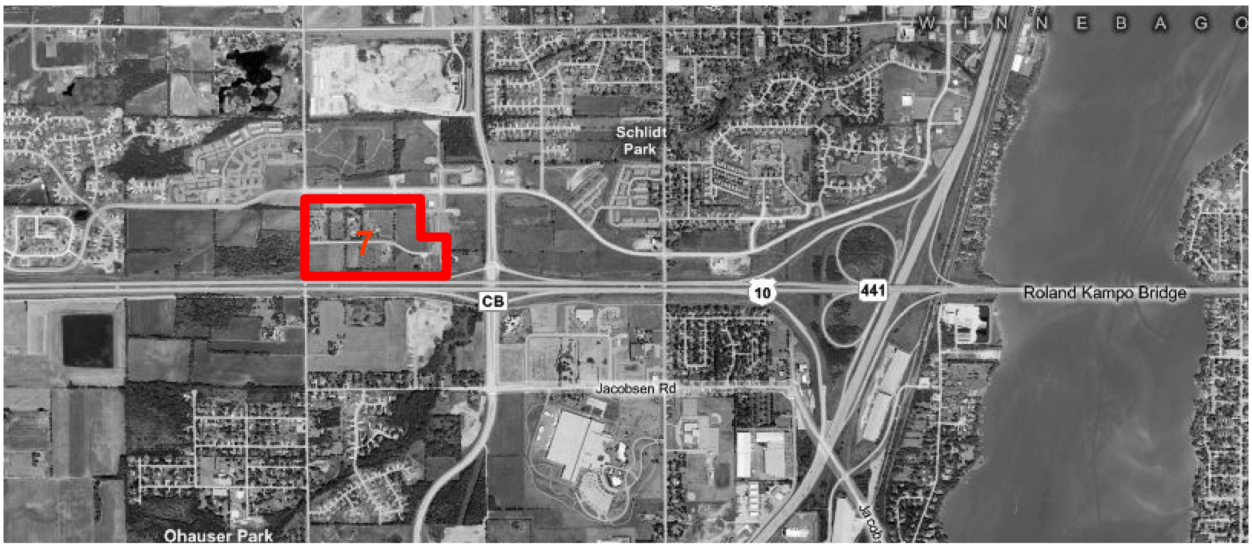
The Fox River Mall is one of the most popular attractions in the Fox Cities market, welcoming over 15 million patrons per year. The mall area has initiatives to expand and include the 30-acre Trasino Park mixed-use development, and is situated near several other strip malls, hotels and Fox Cities Stadium.



As shown on the previous page, two sites have been identified in this area, including one six-acre plot directly north to the Fox River Mall, near the Trasino Park development and Fox Cities Stadium and one 22-acre site to the west of the Mall, to the south of Wisconsin Avenue.

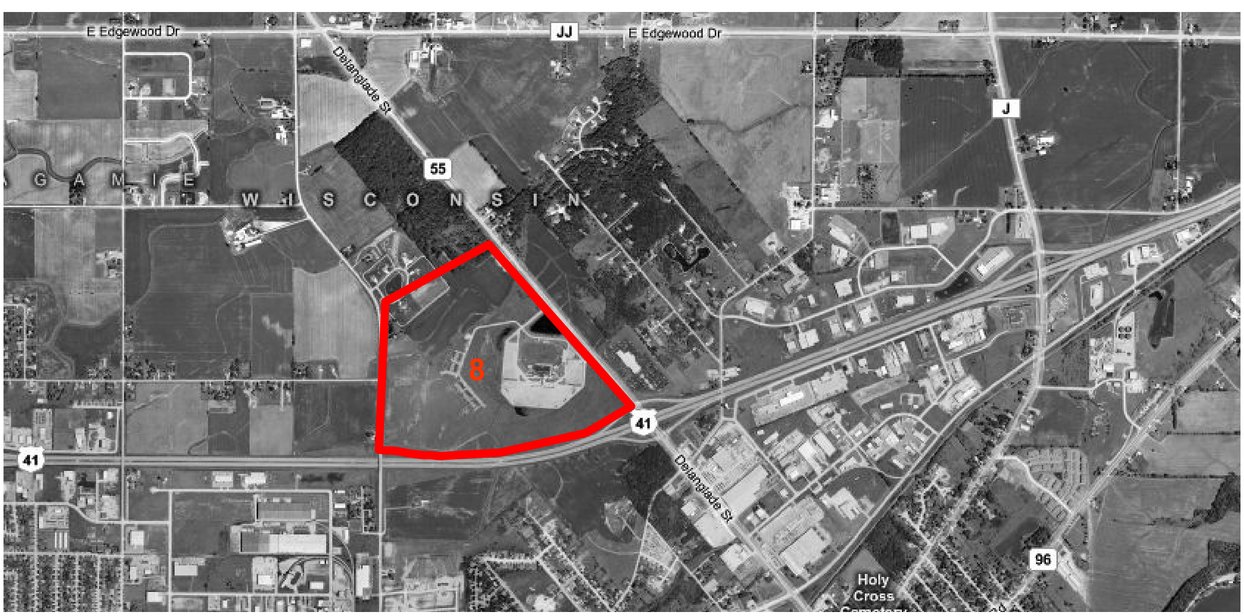
Site 7 – Town of Menasha

A 20-acre site has been identified in the Town of Menasha, located to the south of American Drive and west of CB.



Site 8 – Kaukauna (Commerce Crossing)

Site 8 is located in Kaukauna, at the Commerce Crossing Business Park, at the intersection of Highway 41 and Delanglade Street.



Site 9 – Kimberly / Buchanan

The final site/location considered is the general area near the towns of Kimberly and Buchanan, just south of KK.

Site Evaluation

In general, a large number of characteristics and factors are typically important when evaluating the attractiveness of sites/locations. These include, but are not limited to:

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

Based on these criteria factors, the 11 potential sites were evaluated using in a site evaluation matrix. The site evaluation matrix contains 15 variables which are believed to impact a site's suitability for optimally supporting a convention facility. Each site is rated for each variable on a scale of "0" to "7," where "0" represents a complete lack of responsiveness to the criteria listed. A score of "7" represents an optimum condition where the greatest possible success is likely to be realized. Scores between "0" and "7" represent a range of conditions that are progressively better for convention center development. Scores are then compiled and normalized, and the results depicted in the following tables and charts.

Exhibit 2 presents the criteria raw scoring site evaluation matrix.

Exhibit 2
Criteria Raw Scoring

	Raw Scores (1 to 7 with 7 being the most desirable score)									
Site:	**1A**	**1B**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Site Suitability										
Size , configuration & topography	2	6	7	2	7	6	6	7	7	7
Infrastructure/site condition	6	6	6	5	6	5	6	6	6	5
Future expansion potential	2	2	6	2	7	7	7	7	7	7
Parking availability	6	6	5	3	7	6	7	6	7	7
Traffic access	4	4	6	3	6	6	6	6	6	5
Visibility from major roadways	6	7	6	5	5	5	6	6	6	4
Traditional industry setting	7	7	1	4	1	1	1	2	1	1
Hotel Availability										
Headquarters hotel	6	7	1	2	1	1	2	1	1	1
Hotel rooms within walking distance	6	6	2	2	1	3	3	1	1	1
Other Amenities										
Restaurants	6	7	2	5	2	2	3	2	1	1
Attractions, entertainment and leisure	6	7	2	4	3	3	4	1	1	1
Shopping	6	6	2	4	3	6	6	1	1	1
Community Surroundings										
Compatibility with neighborhood	6	6	5	3	5	6	6	5	5	4
Synergy with surroundings/setting	7	7	1	3	2	2	3	1	1	1
Economic development potential	5	5	6	4	6	6	6	6	6	6

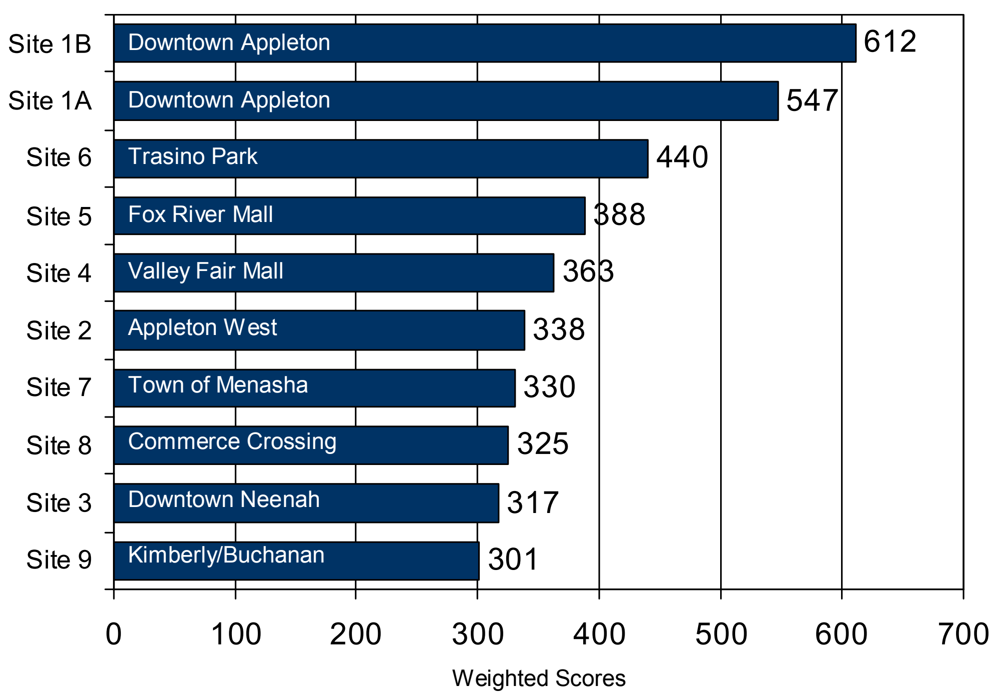
However, through our experience and industry research, CSL has identified that certain factors weigh higher or lower to meeting planners in terms of "desirability" of convention center sites. On the following page, the raw scores have been weighted with the meeting planners' point of view for desirable convention center sites.

Exhibit 3
Weighted Scores

	Weight	Weighted Score (raw score multiplied by criteria weight)									
		1A	1B	2	3	4	5	6	7	8	9
Site Suitability	***40***										
Size , configuration & topography	8	16	48	56	16	56	48	48	56	56	56
Infrastructure/site condition	5	30	30	30	25	30	25	30	30	30	25
Future expansion potential	4	8	8	24	8	28	28	28	28	28	28
Parking availability	7	42	42	35	21	49	42	49	42	49	49
Traffic access	7	28	28	42	21	42	42	42	42	42	35
Visibility from major roadways	4	24	28	24	20	20	20	24	24	24	16
Traditional industry setting	5	35	35	5	20	5	5	5	10	5	5
Hotel Availability	***25***										
Headquarters hotel	15	90	105	15	30	15	15	30	15	15	15
Hotel rooms within walking distance	10	60	60	20	20	10	30	30	10	10	10
Other Amenities	***21***										
Restaurants	7	42	49	14	35	14	14	21	14	7	7
Attractions, entertainment and leisure	7	42	49	14	28	21	21	28	7	7	7
Shopping	7	42	42	14	28	21	42	42	7	7	7
Community Surroundings	***14***										
Compatibility with neighborhood	4	24	24	20	12	20	24	24	20	20	16
Synergy with surroundings/setting	7	49	49	7	21	14	14	21	7	7	7
Economic development potential	3	15	15	18	12	18	18	18	18	18	18
Total =	***100***	547	612	338	317	363	388	440	330	325	301

The ranking of the candidate sites with their weighted scores is illustrated in the exhibit below:

Exhibit 4
Overall Site Rankings



As shown on the previous page, the weighted scores range from 301 points to 612 and indicate that with the two highest scores, the downtown Appleton sites would be the best candidates as potential sites for a Fox Cities convention center. Ultimately, the two sites in downtown Appleton (both near the Radisson and CopperLeaf hotels) ranked the strongest, while two sites near the Fox River Mall in Grand Chute ranked in the next strongest tier. The downtown Appleton locations outperformed other sites due to the strong mix and concentration of traditional visitor amenities that meeting planners and event attendees often find attractive (such as full-service hotel rooms, restaurants, bars, retail, entertainment—all within a "pedestrian-friendly" walking environment). Specifically, Site 1B in downtown Appleton would be best positioned to allow for a physical connection to the existing Radisson, thereby creating a contiguous convention and hotel product configured "under one roof".

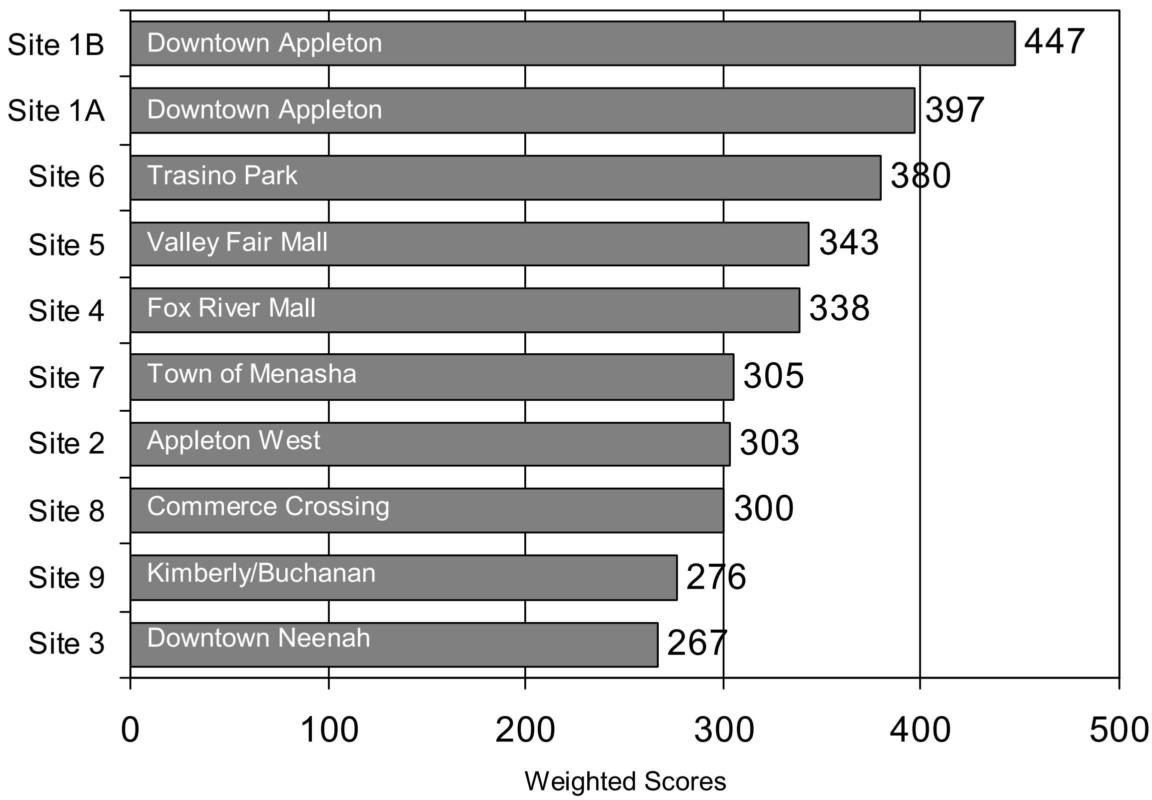
However, a new Fox Cities convention center development may be paired with a new headquarters hotel development. In this case, it is also useful to perform a similar site analysis that removes the scoring pertaining to "hotel availability", assuming that a new appropriately-sized and branded headquarters hotel would be built along with the convention center. Exhibit 5 presents the weighted scores without the hotel availability criteria.

Exhibit 5
Weighted Scores (No Hotel Criteria)

		Weighted Score (raw score multiplied by criteria weight)									
	Weight	1A	1B	2	3	4	5	6	7	8	9
Site Suitability	***40***										
Size , configuration & topography	8	16	48	56	16	56	48	48	56	56	56
Infrastructure/site condition	5	30	30	30	25	30	25	30	30	30	25
Future expansion potential	4	8	8	24	8	28	28	28	28	28	28
Parking availability	7	42	42	35	21	49	42	49	42	49	49
Traffic access	7	28	28	42	21	42	42	42	42	42	35
Visibility from major roadways	4	24	28	24	20	20	20	24	24	24	16
Traditional industry setting	5	35	35	5	20	5	5	5	10	5	5
Hotel Availability	***25***										
Headquarters hotel	15	--	--	--	--	--	--	--	--	--	--
Hotel rooms within walking distance	10	--	--	--	--	--	--	--	--	--	--
Other Amenities	***21***										
Restaurants	7	42	49	14	35	14	14	21	14	7	7
Attractions, entertainment and leisure	7	42	49	14	28	21	21	28	7	7	7
Shopping	7	42	42	14	28	21	42	42	7	7	7
Community Surroundings	***14***										
Compatibility with neighborhood	4	24	24	20	12	20	24	24	20	20	16
Synergy with surroundings/setting	7	49	49	7	21	14	14	21	7	7	7
Economic development potential	3	15	15	18	12	18	18	18	18	18	18
Total =	***100***	397	447	303	267	338	343	380	305	300	276

As shown, without the hotel criteria, each site lowered in score, but little change occurred with respect to site ranking. On the following page, the results are presented in a ranked chart.

Exhibit 6
Overall Site Rankings (No Hotel Criteria)



Similar to the overall site rankings that included hotel criteria, the two downtown Appleton sites ranked the highest among all nine sites evaluated with scores of 447 and 397 for site 1B and 1A, respectively.

Conclusions

A total of 11 sites throughout the Fox Cities were identified by the Task Force for consideration. Information was assembled for each of the sites and site visits were conducted. A site matrix analysis was employed and each site was scored across a wide variety of characteristics/attributes that are considered important in supporting a convention center. Ultimately, two sites in downtown Appleton (both near the Radisson and CopperLeaf hotels) ranked the strongest, while two sites near the Fox River Mall in Grand Chute ranked in the next strongest tier. The downtown Appleton locations outperformed other sites due to the strong mix and concentration of traditional visitor amenities that meeting planners and event attendees often find attractive (such as full-service hotel rooms, restaurants, bars, retail, entertainment—all within a "pedestrian-friendly" walking environment).

8.0. DEVELOPMENT OPTIONS

It is quite possible that the estimated costs associated with developing, operating and marketing a public sector-owned convention center project (pursuant to the building program outlined above) could be deemed by the community to be prohibitive. Furthermore, the analysis suggests that a partnership with the existing Radisson and/or a new hotel developer/operator elsewhere in the Fox Cities may be viable options to consider. As such, alternate development options could be considered. These could include a (1) stand-alone convention center or (2) public/private partnership (hotel/convention center).

A stand-alone convention center is normally a publicly-led and publicly-owned project (i.e., public sector contribution normally consists of 90 to 100 percent of the total development costs). A quality, appropriate-sized headquarters hotel attached or within close walking distance is critical. Without a headquarters hotel in close proximity, the facility's ability to attract non-local events will be significantly negatively affected. A stand-alone convention center does have high construction costs and normally requires an annual operating subsidy, however, it is generally best positioned to attract economic impact-generating events and protecting usage by local events.

A public/private partnership is normally developed in partnership with a new or existing hotel located in the community. In comparison to stand-alone convention centers, public sector funding contribution typically substantially lower for hotel conference centers developed under public/private partnerships (i.e., public contributions could range from as small as tax incentives or land contribution to as high as 100 percent funding of the convention space construction). Further, the operating risk usually rests with hotel partner, but in some cases may be borne by the public sector. Level of public sector control over operations/bookings tends to be commensurate with level of contribution to overall project.

In general, small to mid-sized communities facing facility issues similar to Fox Cities often consider these types of facility development options. An outline of the development options considered for further analysis and some key issues related to them are as follows:

- Scenario 1: Public/Private Partnership (with Radisson Paper Valley Hotel)
    - Public sector would purchase site, fund construction of exhibit hall and related infrastructure
    - Radisson would operate at own risk/gain
    - The Radisson area was among the preferred sites
    - Greatest marketability, limited competition issues
- Scenario 2: Public/Private Partnership (with other new hotel)
    - Public sector would purchase site, fund construction of entire convention center (exhibit, meeting and ballroom space) and related infrastructure
    - New full-service hotel (at least 300 rooms) will operate at own risk/gain
    - Additional incentive likely required to secure hotel partner
    - Lower ranked site/location issues
    - Significant competition with Radisson
- Scenario 3: Stand-Alone Convention Center
    - Public sector would purchase site, fund construction of entire convention center (exhibit, meeting and ballroom space) and related infrastructure
    - Public sector will own and operate Center (or contract 3rd party management)
    - New full-service hotel (at least 300 rooms) will be developed within close proximity
    - Lower ranked site/location issues
    - Possible incentive to secure hotel, significant competition with Radisson, ongoing operating obligation for public sector

9.0. PRELIMINARY CONSTRUCTION COSTS

To provide an understanding of potential costs associated with the construction of a new convention center in the Fox Cities, an analysis was conducted of order-of-magnitude hard construction costs pursuant to the supportable building program elements presented earlier in this report. Construction costs tend to vary widely among comparable convention center 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, costs savings related to developing a joint hotel/center project and other such aspects.

Exhibit 1 presents the estimated order-of-magnitude development costs that have been assumed to be borne by the public sector to facilitate the development of a convention center under each of the three scenarios. Importantly, architectural design and site/infrastructure analysis will be required to fully estimate ultimate development costs.

Exhibit 1
Hypothetical Development Costs

	Scenario 1: Radisson Partner	Scenario 2: Other Hotel Partner (1)	Scenario 3: Stand-alone Conv. Center (1)
Exhibit SF	30,000	30,000	30,000
Ballroom SF	0	12,000	12,000
Meeting SF	0	15,000	15,000
Total Sellable SF	30,000	57,000	57,000
Approx. Support/Other SF	15,000	57,000	57,000
Approx. New Facility SF	45,000	114,000	114,000
Assumed Hard Construction Cost Per GSF	$300	$270	$270
Hypothetical Hard Construction Costs	$13,500,000	$30,780,000	$30,780,000
Assumed Soft Costs	$4,050,000	$9,234,000	$9,234,000
Assumed Site and Infrastructure Costs	$7,500,000	$5,000,000	$5,000,000
Hypothetical Total Development Costs	**$25,050,000**	**$45,014,000**	**$45,014,000**

(1) Development costs do not include new full-service headquarters hotel that will be required under Scenarios 2 and 3.

As shown, assumed development costs are significantly lower under Scenario 1 due to the need to only add exhibit space and related support space to the existing Radisson (rather than develop exhibit, meeting and ballroom space elsewhere in the community). In addition, a new full-service hotel will be required under both Scenarios 2 and 3 and these costs have not been included in the analysis shown above. Construction costs for new full-service hotels vary widely depending on type, size, brand and market; however, for planning purposes, it could be useful to consider a project ranging between $45 and $60 million ($150,000 to $200,000 per key @ 300 rooms). While most of the costs related to developing a new full-service hotel would potentially be funded by a private sector developer, it is considered very likely that an incentive would be required by the public sector to facilitate interest by private developers/operators to enter the Fox Cities market in today's climate.

In addition to the estimated hard costs, soft construction costs, costs associated with land purchase and improvement, other potential infrastructure improvement costs and potentially annual operating costs will also need to be considered in the ultimate planning scheme, if subsequent planning steps are taken. Importantly, however, detailed architectural concept, design and costing study would be required to specifically estimate construction costs for a potential Fox Cities convention center.

10.0. ANALYSIS OF ESTIMATED EVENT & USE LEVELS

The purpose of this chapter is to analyze estimated event and utilization levels associated with a potential new convention center in Fox Cities for a stabilized year and over the first five years of operation. For purposes of this analysis, all three development scenarios (discussed in a previous chapter) were evaluated.

Exhibit 1 presents a summary of the number of events, event days, utilization days, delegate days, non-local overnight days, non-local daytrip days and local delegate days were estimated under all scenarios for the first five years of operation. For purposes of this analysis, it is assumed that Year 5 represents a "stabilized year of operation".

Exhibit 1
Estimated Utilization Levels

	Number of Events	Event Days	Utilization Days	Delegate Days	Non-local Overnight Days	Non-local Daytrip Days	Local Delegate Days
SCENARIO 1							
Conv/Tradeshow (with exhibits)	22	55	114	24,750	21,161	2,351	1,238
Conv/Conf (without exhibits)	20	46	76	11,500	9,315	1,035	1,150
Public/Consumer Shows	15	38	78	75,000	3,000	12,000	60,000
Meetings/Banquets/Receptions	350	350	385	52,500	5,250	5,250	42,000
Other Events	30	36	63	25,200	3,780	3,780	17,640
Total	437	525	716	188,950	42,506	24,416	122,028
SCENARIO 2							
Conv/Tradeshow (with exhibits)	15	38	78	16,875	14,428	1,603	844
Conv/Conf (without exhibits)	17	39	65	9,775	7,918	880	978
Public/Consumer Shows	12	30	62	60,000	2,400	9,600	48,000
Meetings/Banquets/Receptions	270	270	297	40,500	4,050	4,050	32,400
Other Events	25	30	53	21,000	3,150	3,150	14,700
Total	339	407	555	148,150	31,946	19,283	96,921
SCENARIO 3							
Conv/Tradeshow (with exhibits)	17	43	88	19,125	16,352	1,817	956
Conv/Conf (without exhibits)	15	35	57	8,625	6,986	776	863
Public/Consumer Shows	13	33	68	65,000	2,600	10,400	52,000
Meetings/Banquets/Receptions	200	200	220	30,000	3,000	3,000	24,000
Other Events	25	30	53	21,000	3,150	3,150	14,700
Total	270	340	486	143,750	32,088	19,143	92,519

As shown above, it is estimated that event levels at a new Fox Cities convention center during a stabilized year of operation could reach 437 events per annum under Scenario 1, 339 events per annum under Scenario 2 and 270 events per annum under Scenario 3. While fairly small within the context of the total number of events, the top two event categories represent the primary economic impact-generating events for the Center and community. They tend to be larger events in terms of attendance and space used, with longer durations. A significant portion of these events assumed under both scenarios would represent events that are "new" to the community (i.e., not presently hosted at local Fox Cities facilities). Similar to other comparable convention center facilities located throughout the country, the large majority of events under both scenarios are estimated to comprise small local events.

Similar to the number of events, Scenario 1 generates the largest amount of event days, utilization days, delegate days, non-local overnight and daytrip days and local delegate days when compared to Scenarios 2 and 3. Further, while Scenario 2 and Scenario 3 would generate similar event and usage levels, Scenario 2 has slightly higher figures than Scenario 3 in all the categories except non-local overnight days.

11.0. FINANCIAL OPERATIONS ANALYSIS

The purpose of this chapter is to provide an analysis of the potential financial operating results that could be generated by a new convention center in Fox Cities, based on key assumptions and estimates. Building on the conclusions of the previous analyses, estimates were developed concerning the financial operating characteristics of a potential new Fox Cities convention center.

This financial operating analysis only considers revenues and expenses generated through the operation of the facility itself and does not consider other potential ancillary income that may be related to the Center (such as incremental tax revenue, parking income, admissions surcharges, interest income, etc.), nor does it consider other non-operating costs, such as construction costs.

This presentation is designed to assist project representatives in assessing the financial effects of the potential 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.

The analysis of estimated operating results is presented in three components:

- Operating revenues.
- Operating expenses.
- Summary of estimated future financial operations.

As with all new convention centers, an initial startup period is assumed before event levels are anticipated to stabilize. Financial operating estimates prepared in this section reflect the first five years of operations (with the fifth year assumed to represent a stabilized year of operation), each year deflated to 2008 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. Per capita revenue and expense assumptions were also developed using comparable facility data and industry experience with similar projects, along with consideration of the unique attributes of the Fox Cities marketplace and specific conditions envisioned for the proposed facility.

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.

Operating Revenues

The primary sources of operating revenue for a potential new Fox Cities convention center include building rent, food service, contract service and other revenue. For purposes of this financial operating analysis, no parking revenue has been assumed to be retained by the Center. The assumptions regarding the individual revenue components are also based on a review of the operations of comparable facilities throughout the country and industry trend data.

Facility Rent

Building rental revenues include charges for the leasing of facility spaces for event activities. Estimated rental revenues are based on estimates of the number of events within specific event categories, attendance levels, square footage used, assumed future growth rates, rental rates and receipts at comparable facilities, with an emphasis on regional facilities.

Food Service Revenue

Food service (F&B) revenue consists of the sale of various food and beverage items at a potential Fox Cities convention center. Revenue assumptions are based on estimated event and attendance levels and estimated per capita spending for various event types. Estimated food service revenue is presented in terms of net revenue retained by the facility.

Contract Service and Other Revenue

Contract service and other revenue consists of charges to event management and exhibitors for event-related services, such as providing electrical hook-ups and other utilities, leasing of equipment, providing security and cleaning services, advertising and other miscellaneous revenue items. Estimated service and equipment revenue is based on comparable facility financial operations and estimates of the number of events, attendance, square footage used, assumed future growth rates and receipts at comparable facilities.

Operating Expenses

The primary sources of operating expenses for a potential new Fox Cities convention center include employee salaries, wages and benefits, utilities, repair and maintenance, general and administrative, insurance, materials and supplies, professional fees, and other expenses. It is important to recognize that this financial operating analysis does not consider additional marketing expenditures that will be necessary (presumably by the Fox Cities Convention & Visitors Bureau) to market the convention center. Incremental marketing expenditures will be particularly important during the convention center construction period and during the initial years of operations. It is not believed that the CVB's existing convention marketing budget is sufficient to appropriately market a new, state-of-the-industry convention center, particularly under a "stand-alone" model that would be owned and operated by the public sector (i.e., Scenario 3). Without adequate marketing and sales support, any City investment in "bricks-and-mortar" will not be optimally leveraged.

The estimated operating expenses for a potential new Fox Cities convention center are based on historical operating expenses of comparable facilities and industry standards. Specifically, comparable facility operating expense data was analyzed on a per square foot basis. Consideration was given to operating efficiencies that could be expected to occur at the potential Center, as well as cost of goods/services adjustments specific to the Fox Cities area and the surrounding region.

In estimating operating expenses, and staffing costs in particular, it is important that high-quality service is provided at a potential facility. Otherwise, the facility will not be in a position to attract and retain its market potential of event activity. The estimates provided in the previous chapter also assume that this quality standard is maintained.

It was not possible to estimate operating expenses for the new convention space assumed to be a part of either a partnership with the existing Radisson (under Scenario 1) or a new hotel/convention center development (under Scenario 2) as the operations of the convention space will be significantly tied to the operations of the hotel itself (i.e., shared overhead, staffing, general & administrative expenses, etc.). In order to estimate these figures appropriately, a hotel feasibility study would have to be conducted.

Salaries, Wages and Benefits

Estimated salaries, wages and benefits include compensation for full- and part-time employees. Employee benefits include payments for employee hospitalization programs, unemployment compensation, workers' compensation, and FICA. This analysis is based on the financial operations of comparable and competitive facilities, and a potential facility's size and event levels. It has been assumed that the Center will be staffed with personnel levels similar to that of other similar, well-managed centers. These estimates reflect the assumption that some full-time operations, maintenance, and setup staff will be maintained at the Center similar to comparable facilities.

Utilities

Utilities expense at a new convention center in Fox Cities includes costs for electricity, water, gas and telephone. The estimates are based on industry averages and the assumption that the new facility will include all the current energy-saving components.

Repairs and Maintenance

The analysis assumes that the maintenance costs for a potential Center in the early years of operation are relatively low. It is likely that such costs will increase incrementally over time as the facility depreciates. It is likely that the repairs and maintenance costs could eventually exceed the base-year estimates presented in this analysis. The establishment of a separate repair and maintenance reserve is recommended to fund future major capital projects.

General and Administrative

General and administrative expenses include various day-to-day costs such as subscriptions, staff training, dues, staff travel, staff tuition reimbursement, licenses and permits, bad debt charges and other such items. This category also includes costs related to administrative business-related expenses such as postage, administrative supplies, administrative furniture and fixtures, auto allowances, administrative travel, memberships and maintenance of the administrative space.

Materials and Supplies

Costs for materials and supplies for the proposed Center include those materials, supplies and equipment used for facility operations and its administrative offices. The analysis of materials and supplies expense is based on comparable facility operations and the levels of facility space.

Professional Fees

Professional fees are primarily comprised of costs for services including accounting and legal functions and other non-recurring consulting and advisory services. This also includes contractual services expenses, primarily consisting of costs for professional services including trash removal, cleaning, security and other such items.

Insurance and Other Expenses

In addition to property and liability insurance, the remaining expenses that have been estimated include bad debt charges, vacation accrual and other miscellaneous operating expenses. In addition, a small amount of advertising and promotion activities (primarily for short-term, local events and other special events that are not directly serviced by the CVB) and other similar expenditures have been included in the miscellaneous expenses.

Summary of Estimated Future Financial Operations

Exhibit 1 presents a summary of the estimated financial operating results for a stand-alone, publicly-owned and operated convention center under Scenario 3 (presented in 2008 dollars).

Exhibit 1
Estimates of Financial Operations – Scenario 3

	Year One	Year Two	Year Three	Year Four	Year Five
OPERATING REVENUES					
Space Rental	$272,385	$311,385	$355,585	$372,003	$382,478
Food Service (net)	226,213	263,250	306,288	317,300	322,688
Contract Service & Other	330,115	355,509	380,902	406,296	431,689
Total Operating Revenues	$828,713	$930,144	$1,042,775	$1,095,598	$1,136,854
OPERATING EXPENSES					
Salaries, Wages & Benefits	$784,924	$793,186	$805,580	$813,842	$826,236
Utilities	251,337	256,309	263,766	268,737	276,195
Repair & Maintenance	62,654	63,670	65,194	66,210	67,734
General & Administrative	139,360	139,785	140,421	140,846	141,482
Insurance	63,307	63,307	63,307	63,307	63,307
Materials & Supplies	67,194	67,901	68,962	69,669	70,730
Professional Fees	80,684	81,097	81,718	82,132	82,752
Other	132,307	133,700	135,789	137,182	139,271
Total Operating Expenses	$1,581,766	$1,598,954	$1,624,736	$1,641,925	$1,667,707
Net Operating Profit / (Deficit)	($753,053)	($668,811)	($581,962)	($546,326)	($530,852)

As shown in the exhibit on the previous page, upon stabilization by the fifth full year of operation, a new convention center in Fox Cities (under Scenario 3) is estimated to generate an operating deficit of approximately $530,900 per annum (in 2008 dollars). This figure only represents the annual operations of the convention center and does not include construction debt service payments, capital repair/replacement reserve funding obligations, additional CVB marketing budget needs or other non-operating expenses. This type of operating loss is consistent with comparable convention centers throughout the country. The following chapter of this report will outline the net new economic and tax impacts estimated to be generated by the project—benefits often cited by communities as a factor in a decision to invest in the construction and annual operating obligations for projects like this.

12.0. ECONOMIC IMPACT ANALYSIS

The purpose of this chapter is to provide an analysis of the potential economic impacts that could be generated by a potential new convention center in Fox Cities, based on key assumptions described herein. As previously mentioned, the evaluation of the economic benefits generated by convention centers is one of the primary determinants regarding the decision to proceed with projects. This chapter addresses:

- Economic impact concepts.
- Annual convention center economic impacts.
- Non-quantifiable impacts.

The annual operations of a convention center typically provide significant benefits to an area. Typically, and for purposes of this report, quantifiable effects are characterized in terms of *economic impacts*. *Economic impacts* are conveyed through measures of direct spending, total output, personal earnings and employment. These specific terms are defined later in this chapter.

The economic impact analyses contained in this section assume the supportable facility program outlined for both primary development scenarios and proximate quality hotel room inventory parameters presented in a previous chapter and an emphasis on attracting and booking events at a new convention center in the Fox Cities that will serve to maximize economic impacts for the community.

Economic Impact Concepts

The impact of a convention center is maximized when out-of-town attendees, exhibitors and/or attendee guests spend money in a community while attending a facility event. This spending by out-of-town attendees 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 Center <u>only</u> represent spending that is estimated to be *new* to the community (net new spending), directly attributable to the operation (and existence) of the facility. The analysis does not consider any assumed displaced spending within the community. For purposes of this analysis, "community" is referring to Fox Cities.

The characteristics of economic impact effects are generally discussed in terms of their *direct, indirect and induced effects* on the area economy:

- **Direct effects** consist principally of initial purchases made by delegates or attendees at an event who have arrived from out-of-town. This spending typically takes place in local hotels, restaurants, retail establishments and other such businesses. An example of direct spending is when an out-of-town event attendee pays a local hotel for overnight lodging accommodations.
- **Indirect effects** consist of the re-spending of the initial or direct expenditures. An example of indirect spending is when a restaurant purchases additional food and dining supplies as a result of new dining expenditures through increased patronage. A certain portion of these incremental supply expenditures occurs within the local community (i.e., "indirect spending," the type of which is quantified under this analysis), while another portion leaves the local economy (i.e., "leakage").

- **Induced effects** consist of the positive changes in employment and earnings collections generated by changes in population associated with the direct and indirect expenditures.

The re-spending of dollars in an economy is estimated by using economic multipliers and applying them to the amount of direct, or initial spending. The *multiplier effect* is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc., a private economic modeling company. The IMPLAN system uses an input-output matrix with specific data for multipliers based on regional business patterns from across the country. Financial information for the matrix of multipliers is collected from various sources that include, but are not limited to, the U.S. Department of Labor, as well as state sales and tax reports. The system uses this data to determine the economic independence of specific geographic regions as well as the interdependence that exists between industries in those regions. The systems provide total industry output, personal earnings and employment data for approximately 520 industry groups.

For purposes of this analysis, results of the economic impact analyses are measured in terms of the following categories:

- **Total output** represents the total direct, indirect and induced spending effects generated by the project. This calculation measures the total dollar change in output that occurs in the local economy for each dollar of output delivered to final demand.
- **Personal earnings** represents the wages and salaries earned by employees of businesses associated with or impacted by the project. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.
- **Employment** represents the number of full- and part-time jobs. The employment multiplier measures the total change in the number of jobs in the local economy for each additional $1.0 million of output delivered to final demand.

The initial spending of new dollars into an economy begins a series in which the dollars are cycled through the economy. The re-spending of the dollars is estimated by using the economic multipliers discussed above and applying them to the amount of direct, or initial, spending. The multiplier illustrates that spending in a defined economy will lead to additional spending until that dollar has completed its cycle through leakage. Leakage represents the portion of a dollar spent in areas outside the designated economy.

Annual Convention Center Economic Impacts

One of the primary sources of direct spending involves attracting event attendees from outside the local area to make purchases in area hotels, restaurants and retail establishments.

The analysis of direct spending related to Center activity begins with estimating the number of event attendees that could be attracted to Fox Cities. These estimates are based on the event attendance and event-day information developed through the market and event analyses.

Estimates of per-day spending by out-of-town delegates and exhibitors are based on the results of an annual Convention Income Survey performed by Destination Marketing Association International (DMAI), formerly the International Association of Convention and Visitors Bureaus. The survey collected data concerning event related expenditures by delegates, exhibitors, associations and convention service contractors. The results of this survey have been adjusted to 2008 dollars and for cost of living levels and the unique characteristics of Fox Cities. The estimates of average daily spending on a per delegate basis were applied to estimates of potential future event activity at the potential new Center, based on the results of the overall market analysis. Adjustments were applied to estimated attendance levels for potential future event activity at the Center to segregate estimated levels of potential *out-of-town* event attendance directly as a result of the convention center.

Exhibit 1 presents the direct spending associated for a potential new Center in Fox Cities, under all three scenarios.

Exhibit 1
Estimated New Annual Direct Spending by Industry
(Stabilized Year of Operations [Yr 5], in 2008 Dollars)

	Scenario 1: Radisson Partner	Scenario 2: Other Hotel Partner	Scenario 3: Stand-alone Conv. Center
Hotel	$3,719,174	$2,783,724	$2,797,155
Restaurant	3,392,539	2,567,563	2,564,229
Entertainment	480,062	363,673	363,009
Retail	1,528,099	1,160,088	1,156,614
Local Transit	997,827	746,853	750,456
Other Industries	418,655	318,800	317,315
Direct Spending (Non-locals only)	$10,536,356	$7,940,702	$7,948,778
% Estimated New to Fox Cities	50%	60%	60%
Direct Spending (NET NEW)	**$5,268,178**	**$4,764,421**	**$4,769,267**

As presented above, total annual direct spending associated with a new convention center in Fox Cities is estimated at approximately $10.5 million under Scenario 1 (in 2008 dollars) and $7.9 million under both Scenarios 2 and 3. It is estimated that between 50 to 60 percent of these amounts could be considered direct spending that is "new" to the Fox Cities area (i.e., visitor spending that does not exist today via the events hosted at the Radisson and other local event facilities and would be directly attributable to the existence and operation of the proposed convention center development). Therefore, "net new" annual direct spending is estimated to range between $5.3 million under Scenario 1 and $4.8 million under Scenarios 2 and 3.

This total amount would be considered new spending to Fox Cities as a direct result of the annual operations of the new Center. Spending by local Fox Cities residents is not included in this figure 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.

As the direct spending flows throughout the local and state economies additional rounds of spending, employment and earnings are generated. The total impact generated is estimated by applying specific industry multipliers to the initial expenditure to account for the total economic impact of the re-spending activity. The application of the multipliers involves calculating the product of the estimated amount of direct spending and the multiplier.

The total estimated direct expenditures generate effects on the economy that extend beyond the initial expenditures. Exhibit 2 summarizes the overall estimated new annual economic and tax impacts within Fox Cities associated with estimated levels of potential event activity, based on the application of the IMPLAN multipliers.

Exhibit 2
Estimates of Net New Economic & Tax Impacts

	SCENARIO 1	SCENARIO 2	SCENARIO 3
Room Nights Generated			
Room Nights	37,296	27,959	28,140
Room Nights (NET NEW)	18,648	16,775	16,884
Economic Impacts (Non-locals)			
Direct Spending	$10,536,356	$7,940,702	$7,948,778
Indirect/Induced Spending	6,321,814	4,764,421	4,769,267
Total Output	$16,858,170	$12,705,123	$12,718,045
Personal Income (Earnings)	$7,375,449	$5,558,491	$5,564,145
Employment (full and part-time jobs)	284	214	215
Economic Impacts (Non-locals, NET NEW)			
Direct Spending	$5,268,178	$4,764,421	$4,769,267
Indirect/Induced Spending	3,160,907	2,858,653	2,861,560
Total Output	$8,429,085	$7,623,074	$7,630,827
Personal Income (Earnings)	$3,687,725	$3,335,095	$3,338,487
Employment (full and part-time jobs)	142	129	129

Note: Presented in 2008 dollars for a stabilized year of operations (assumed to occur by the fifth full year).

As presented in the exhibit, estimated total net new room nights for Fox Cities range from 16,800 under Scenario 2 to 18,650 in Scenario 1. Much of the room nights would be expected to take place at the subject hotel of the new convention center. However, it is expected that other hotel properties in the area would benefit from the development of a new convention center in Fox Cities through overflow demand and compressed latent demand.

In addition to room nights, other economic impacts would be associated with the development of a new convention center in Fox Cities. As shown, total annual net new direct spending associated with the potential Fox Cities convention center ranges from approximately $4.76 million to $5.3 million (for a stabilized year of operations, in 2008 dollars) under Scenarios 2 and 1, respectively. The total net new output for convention center events totals $8.43 million, $7.62 million and $7.63 million for Scenarios 1, 2 and 3. Additionally, this spending is estimated to support between $3.33 million under Scenarios 2 and 3 to $3.69 million under Scenario 1 in net new personal income (or "earnings") in the local Fox Cities economy, along with 129 or 142 full and part-time jobs.

Non-Quantifiable Impacts

The effects of attracting new events and attendees to the Fox Cities area could impact numerous industries and enhance economic activity throughout the community. Primary visitor industries, including hotels, restaurants, retail, local transportation, and related industries can benefit directly from a potential center. Indirect effects can benefit various support industries, including the wholesale, distribution, manufacturing, and other industries.

In addition to the more quantifiable benefits of new facility development in Fox Cities, certain potential benefits cannot be quantifiably estimated. Potential qualitative benefits for Fox Cities include:

- *New Visitation* – New visitors will be attracted to the area because of an event in the new Center. These attendees, in turn, may elect to return to the area later with their families, etc. for a vacation after visiting the area for the first time. These impacts have not been quantified.
- *Spin-Off Development* – New retail/business tend to invariably sprout up near convention centers and other similar event facilities spurred by the operations and activities associated with the convention center, representing additions to the local tax base. These impacts have not been quantified.
- *Community Marketing* – Attendees of certain convention center events (particularly, convention/conference/tradeshow) represent decision-makers and executives from a broad cross-section of industries. This exposure can benefit the area from a long-term business development perspective. These impacts have not been quantified.
- *Anchor for Revitalization* – New convention center development can oftentimes be the base of community-wide master development plans to enhance and revitalize markets. These impacts have not been quantified.
- *Reduction in Lost Local Impact* –Physical and functional limitations of existing Fox Cities area event facilities suggests that some level of event activity produced by local area companies and groups may be leaving the community to be held elsewhere where suitable facilities exist. To the extent that these Fox Cities-based groups must relocate outside of the local community (despite an interest in hosting events within Fox Cities), the spending related to these events effectively represents "lost" economic activity for the local area. Upon completion of the new Center, it is possible that many of these "local" events could be recaptured. These potential impacts have not been quantified.
- *Intangible Benefits* – There are a number of other intangible benefits of having a major convention center facility in a community that have not been quantified, including: quality of life, community reputation and image, local gathering point and new advertising opportunities for local business.

13.0. COST / BENEFIT & FUNDING ISSUES

The ability of a convention center to generate new spending and associated economic and tax impacts in a community is often one of the primary determinants regarding a decision to invest in the development and operation of such a facility. Beyond generating new visitation and associated spending in local communities, convention centers also benefit a community in other important ways, such as providing a venue for events and activities attended by community members.

A detailed analysis was conducted concerning the event capture, utilization levels, financial operations and the economic impacts associated with a convention center under each of the three development scenarios. Specific reductions were made to only focus on "net new" economic impacts generated by visitors (convention center attendees not residing in the Fox Cities) that represent incremental economic activity over what is currently being attracted to the Radisson (as the area's largest convention facility). Furthermore, under Scenarios 2 and 3, potential "negative" effects on the Radisson's operations (relating to event/room night cannibalization) were not specifically considered under this analysis.

Exhibit 1 presents a summary of the assumed and estimated costs and benefits associated with each of the three development scenarios reviewed.

Exhibit 1
Cost / Benefit Analysis

	SCENARIO 1	SCENARIO 2	SCENARIO 3
Assumed Development/Implementation Costs			
Hard Construction Costs	$13,500,000	$30,780,000	$30,780,000
Soft Construction Costs	4,050,000	9,234,000	9,234,000
Site / Infrastructure Costs	7,500,000	5,000,000	5,000,000
Potential Hotel Project Incentive	0	5,000,000	5,000,000
Total Development/Implementation Costs	**$25,050,000**	**$50,014,000**	**$50,014,000**
Annual Costs			
Debt Service (30 yrs @ 6.0%)	$1,820,000	$3,633,000	$3,633,000
Annual Operating Subsidy	0	0	530,000
Capital Reserve Funding	0	153,900	153,900
Incremental CVB Marketing	100,000	100,000	150,000
Total Annual Costs	**$1,920,000**	**$3,886,900**	**$4,466,900**
Annual Economic Output (NET NEW)	**$8,429,085**	**$7,623,074**	**$7,630,827**
Annual Benefit to Cost Ratio	**4.39**	**1.96**	**1.71**

As shown above, the assumed development and implementation costs have been isolated. Hard and soft construction costs are lower for Scenario 1 due to the necessity to only construct a multipurpose exhibit hall to meet the supportable building program. Additionally, it is believed that an "incentive" would be required by the public sector to secure one or more private partners to develop and operate a new full-service hotel under Scenarios 1 and 2. For purposes of this analysis, an upfront incentive of $5 million was assumed; however, the incentive amount may, in fact, ultimately need to be larger to meet the return-on-investment requirements of the private investors.

Building on these assumed total public sector costs, annual public sector cost figures were generated, which included debt service assumptions, annual operating subsidy, annual capital reserve funding (0.5

percent of hard construction costs—assumed to absorbed by the Radisson under Scenario 1), and incremental CVB marketing funding requirements.

Specifically, it is estimated that a stand-alone convention center (Scenario 3) would generate an annual operating deficit of approximately $530,000, which would need to be annually subsidized by the public sector. A financial operating analysis was not completed for either Scenario 1 or 2, as the operations of the convention center under these scenarios would be controlled by the hotel and would be fully integrated with the hotel business unit (and therefore, a hotel study would be required to develop an operating proforma). However, it is believed that substantial operating efficiencies would be present under the hotel partnership model, including shared overhead and staffing amongst the hotel and convention space components. These efficiencies typically lead to a substantially lower "operating burden" than under the stand-alone model and, coupled with the ability of the convention space to drive additional group demand for the hotel, these types of partnerships are often advantageous for the hotel partner (particularly if construction and site costs are funded by the public sector).

Overall, this analysis reveals a substantially higher level of benefits to costs for Scenario 1 (partnership with the Radisson). It is believed that a unique opportunity exists to work in partnership with the area's largest, established hotel/conference center product to create a convention center solution for the Fox Cities that will drive new visitation and generate new economic impacts for the community.

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

- General Obligation Bonds
- Revenue Bonds
- Tax Increment Financing (TIF)
- Pay-As-You-Go Financing
- Certificates of Participation
- State 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.
- Restaurant/food & beverage taxes.
- Auto rental/taxicab taxes/fees.
- Sin taxes (alcohol, cigarette, etc.).
- Admissions/entertainment taxes.

There are several industries and geographic areas that could benefit directly and indirectly as a result of convention facility activity. For example, the hotel/motel industry is directly affected by the room nights, room revenue and other hotel spending, while the restaurant, retail and other industries also stand to benefit directly by the dollars spent by event attendees. Indirect beneficiaries of this spending may include businesses and individuals that support the industries discussed previously, in addition to the "spin-off" impacts on sales, income and employment. Geographically, these direct and indirect impacts may be realized within close proximity to the development, countywide and statewide.

Appendix A: Telephone Survey Open-Ended Question Responses

Q5. Are there any particular reasons why your organization is not likely to use a potential Fox Cities convention center? *(only those who responded negatively towards the Fox Cities)*

- Our members come from all over Wisconsin, and we like to use a more central location.
- We're contracted out for several years.
- No, it's out of our area.
- Most of our members are from the Madison and Milwaukee area, and they want to stay in that area; they don't want to travel that far.
- The Fox Cities area is too small of an area to hold our event there.
- We have a chapter in Madison, plus there is an airport; it's more accessible.
- Geography; we go to larger cities where people can fly in cheap.
- When we train our doctors, we like to keep them in the same place every year; that's just how it is.
- We are so large, and we want to be in a 30 mile radius of an international airport.
- Most of our members are from the Milwaukee area and choose not to travel.
- We have no chapter in Wisconsin, so we have meetings where the chapters are at.
- The space we use at the hospital is free.
- Our World Expo can only be held in Madison because of the other buildings they have on site for our 8,000 animals.
- We like it warm for the spring. We also like resort locations.
- Location; the size of the city and no airport around.
- I don't think they would come in to the inner states for us. We need big airports like New York.
- We are a national organization, and it's too hard to fly in and out of the Fox Cities. There's no major airport close by.
- It would have to be a resort; our members will only go to resorts.
- The meetings for years have been held in the Wisconsin Dells, and our members will not rotate anywhere.
- Madison is the capitol, and our offices are right here, so there's no traveling.
- For economic reasons; we have no money, so we need to keep it close to home.
- Our members will only go to an area in the south, like San Antonio or Miami.
- We only go to big cities. Our members are from small towns and like big cities; there are more recreation events to take in.
- We already have a contract with the Wisconsin Dells for many years out.
- The members like the Dells location better. It's easy to get to from Minnesota, Wisconsin, and Illinois.

- All of our members are located in central Wisconsin.
- It's not convenient for members who fly in from all over the US, and this year we are going international, so we need to be close to major airports.
- The city is not big enough, not easy to navigate, and international visitors would not know where it is.
- No reason to. The area is out of our way.
- It's not a large city. It's too hard to fly people in and out.
- Our organization is geared for golf, and I don't think the Fox Cities area has world class golf around it. Weather; we have our meeting in the early spring, and Fox Cities would not be ready for us.
- It's not our service area.
- Madison is more centrally located.
- We are affiliated with a larger council, and they like bigger cities.
- It is not in Dayton County; we don't work outside of Dayton County.
- We look at first and second tier cities because of airline accessibility.
- Traditionally, we stay where the cranberries grow; it makes it easier for our members to attend.
- We just don't go to the Fox Cities; no desire to.
- I don't think that's what our members are looking for; they like warm spots.
- Our clients need to be in a specific area, and Fox Cities is not on the list.
- We're under contract for several more years in the Wisconsin Dells Kalahari.

Q16. Can you explain what types of requirements and preferences you have concerning the convention center's headquarters hotel, in terms of hotel brand, size and amenities?

- We need a full service hotel.
- We like full service, with a restaurant in the hotel, a bar and entertainment.
- Full services restaurant in the hotel. Clean.
- We need full service because of the restaurants; we only provide one meal.
- None. I can't think of anything.
- Full service, and we need 750 guest rooms.
- The price; less expensive hotel rooms are important.
- A full service restaurant inside the hotel.
- We are fairly cost conscious, so limited service is okay, but if the meeting was at the hotel, we'd need full service.
- I prefer full service; the clients are better taken care of.
- Full service with catering, and we need everything on site. We need the hotel right next to the convention center.

- All those do not matter as much as parking. If there is not decent parking, it's out of the question.
- Hotels that have non-smoking rooms, a little more upscale, and more historic looking. Good services and cheap rooms.
- Full service, and it has to have large presidential suites.
- Size-wise to accommodate everyone, and close walking to the meetings.
- It varies; all we need is audio and visual.
- It's nice when service is provided, like when meeting rooms are available with PowerPoint projectors and the availability of catering.
- Has to be a very nice hotel; nothing specific.
- No, I don't know.
- A little nicer hotel. Clean is the main thing and in good repair.
- We need to have a full services restaurant inside and internet access.
- We need to have flexible space so we don't overlap with other companies.
- A full service bar and restaurant on site.
- We need to have a contact person that we work closely with at the hotel for problems, good food, and good beverages.
- Full service needed. We want all the services they can provide.
- Cheaper rooms.
- We try to go with full service require state rate for rooms.
- Full services and amenities, like a store, spa, restaurants.
- Full service restaurants on site; a pool on site.
- No. I can't think of any.
- Full service restaurants, gift shops, and a swimming pool.
- Full services with audiovisual, excellent food options, hotels that recycle, and good services.
- Full service, environmentally friendly. We like green practices.
- A good restaurant in the hotel, good audio and visual.
- We'd like to have full service, because we have meetings there.
- A large hotel with many rooms, balanced hotels with meeting space, and overnight accommodations. Affordable rooms; we don't go to hotels that charge meeting room fees. We want hotels within walking distance of our location.
- Full service, with a restaurant in the hotel.
- We like a large hotel - nothing under 200 rooms. Full service with all amenities.
- Hotel cost that is cheaper. We have a dinner dance, so good food and very clean.
- Nothing comes to mind. It needs to be attached to the conference center.
- I can't think of anything.
- Just to make sure there's enough space available.

- Full service.
- The cost of meeting room space needs to be cheap.
- Full service, with a business center, room service, and a restaurant inside the hotel.
- Hot breakfast, cheaper rate, and easy access for internet.
- A full service hotel; have room service, internet and other meeting space for other organizations if they want to do their convention. Parking needs to be close.
- Nothing.
- No. No comment.
- No comment.
- Full service needed, like a restaurant.
- It would have to be full service with a restaurant and a bar, a swimming pool, workout room, banquet space, and meeting room space.
- Meeting rooms need screens and audiovisual equipment.
- It would be nice to have full service, a restaurant or a coffee shop.
- Audiovisual staff on site to help us rather than our own staff.
- Good meals for breakfast or lunch.
- It would have to have a bar; I'd prefer smoking.
- Full services; they like to come and not weave around town.

Q17. Do you have any specific requirements or preferences regarding the <u>convention center</u> itself, in terms of its space and amenity offerings and its location and proximity to amenities like hotels, restaurants and shopping?

- Free parking.
- Nothing.
- We need about 75,000 square feet, with carpeted rooms and security.
- Easy access from the freeway. On site audiovisual. Catering food.
- The restaurants are important; we only feed for lunch. We also need a highway that is close by.
- Like a smart media center in meeting rooms; they have audiovisual with big screens.
- Must be near a major airport with good access to all parts of the country.
- No, I can't think of anything.
- We don’t use convention centers, so no comment.
- I need to be close to hotels and shopping so people can walk. The convention center needs to be well maintained.
- Nothing.
- Easy access to a highway.

- Nothing.
- No, not really. We're not heavy into using that much space, but if we ever use a convention center, it has to be very close to a hotel or have one attached.
- It has to be by a central business district, and we need to bring in AV equipment. We will not use house rentals.
- The convention center needs to be close to the hotel.
- We need audio and visual and access to food close by.
- Availability of a wireless network, possibly catering and hotels, and restaurants are nice to have around.
- One of the problems we had were support beams in the middle of the room; that is unacceptable. We need all the exhibitors in one room.
- No, not really.
- We need a lot of space. We need to have garage doors to have access into the building, and we need security for after hours.
- We need staff to help set up booths. We need catering.
- The comfort of the rooms, like carpeting and audio visual available.
- Big enough to seat 3,000 in one room.
- Variety; large rooms and small rooms. A number of restaurants in the facility. Good audio, and they must have DSL, big screens, and internet service, and a business center which is quiet to check messages.
- Nothing.
- We need a banquet room and two meeting rooms.
- No, nothing.
- Should be close to the highway.
- I don’t know; we don’t use convention centers.
- A good microphone system.
- I can't really answer that, because we try to hold the event in the hotel versus convention centers.
- If I do a banquet, it would be held at a convention center. I need good lighting, audio, and sound.
- Easily accessible to highways and accessible to shopping and restaurants.
- Good breakout space, both large and small rooms. Good audio visual.
- The hotel needs to be within a couple of miles of the Center, and we need a shopping center for the ladies.
- We want shopping, entertainment and restaurants within walking distance. We want one contact person who handles food, overnight accommodations and meeting rooms.
- A sharp staff; that needs to be available at all times.

- It should be big enough that we are not cramped together; we'd like to have more room than less. We'd like to have mobility, near or at a golf course for summer meetings. We need shopping malls, too.
- Docked doors, shipping available, and water and electricity for big machinery.
- The ability to drive in large machines; high doors.
- Audio and visual.
- Loading docks. A thousand things; I can't name them all.
- Convenient parking; I can't think of anything else.
- Close to shopping and bars.
- I can't think of anything.
- It would need to have shopping close, and a good area to register in.
- We are accustomed to the convention being close to the hotels. Easy access to highways.
- Have items that you can rent, like projection screens and a projector.
- Free wireless internet.
- No; we are not that big, so we really don't use convention centers.
- Location; easy on and off from the interstate. The hotel has to be right there. Shopping is good.
- It needs to be close to other hotels and restaurants.
- Close to the hotel, if not attached. Full amenities like screens, and we prefer not attached to a water park.
- Something different, diversity; we need exhibit space, but maybe a fancier ball room.
- We won't be to Fox Valley for awhile, so I can't really comment.
- No comment. We don't use convention centers.
- No comment. I don't have one.

Q18. What are your overall impressions of the Fox Cities area as a potential host market and location for your events?

- It's fine except for speakers that have to fly in; we can't get the best prices.
- I know we would hold a meeting.
- Great location. It's centrally located, so it's easy for our members to get there.
- It's good. It's a clean city and easy to get around; the roads are easy to understand.
- There are only two places, Green Bay and Appleton that could host us. We need three breakout rooms plus lunch rooms.
- It's possible. We try to stay close to Green Bay and Madison; that's why we chose Oshkosh.
- It's too small. The city, itself, is too small.
- Pretty good. At one time we had a better event; the convention bureau helped out on a nice social event.

- It's pretty central with easy access.
- It's a fairly nice area. It's not as centrally located as Green Bay is the primary competition.
- It's good. It's a strong area. We are targeting that area as an educational avenue as well as an agriculture avenue. It's a strong agri-business area; that's why we are targeting it. They have a lot of good farming enterprises and manufacturing businesses.
- It would be a good location for our members; we have a lot of members in that region.
- It's fine. We've used them in the past, but it's not our target area. We tend to stay in Milwaukee.
- We need to have easy access from the highway.
- It's very tired; the facility is old. There's no major airport.
- Right now, it's too small. There's not enough hotel space, and it does not have easy access for attendees to fly in.
- I think it would be good. We have social workers from all over the state, so this would be close by for some of them.
- Since I live in that area, it's good.
- We would look at it if the facility was suitable. I don't believe there is large enough space right now for the exhibitors.
- It's possible. We try to keep our members close to our biggest hub, which is Green Bay, but for a change, we might go to Appleton or the facility.
- It's convenient; it's centrally located, not to far south or north.
- Progressive. Fox Cities is a growing. We are in the dairy cheese industry, and it would be great if the facility was big enough; we could do tours at farms around Fox Cities.
- The central location; it's a midpoint for everyone to meet at through Wisconsin.
- It's a nice area, but hard to get to; no major airport close by.
- It's good. It has better parking, lots of space for parking.
- I think it would be a very nice area. I can't think of anything specific.
- It's handy; it's close to shopping.
- Average; we look more for a central location.
- A very good location. Proximity; close to my office.
- There's a variety of properties that fit us close to the airport, and in Appleton, there's a nice shopping mall.
- There's a good shopping area close by. It's kind of northern centrally located.
- Very good. It's a great location in the state.
- Very positive. It's historic looking, and has good restaurants.
- It would work, and it's a good idea, because there are not a lot of good centers in northern Wisconsin.
- Very good; good restaurants and things to do. Activities are close by.
- I like the Fox Cities area, and they have nice hotels there. Appleton is safe and clean.

- Easy to get to, a friendly community, and a beautiful area.
- Nice; shopping is great.
- I like Appleton. It's close to Madison, central in the state, great for traveling, and has pretty decent people.
- It's hard to top it; the nice restaurants are walking distance.
- Overall, the community has a lot to offer, like shopping and restaurants.
- Potential. It's a growing area. It's expanding with shopping malls and restaurants.
- Fine, it’s close to corporate offices in Milwaukee.
- Pretty good; it's a fairly central location, not too far from other cities.
- I have never been there, so I don’t know.
- Very strategically, centrally located.
- It's a nice area. We are a state wide association, and it's centrally located.
- It would be a nice option to consider. We are landlocked, but it would be a good option to check out.
- It's a great area. I like the Fox River Valley area.
- We love the area; it's centrally located.
- Good; it's centrally located and easy for our members to get to.
- I think it's a great location because of the amenities, like shopping, and things to do, and it's centrally located for our membership.
- It would be a good location; our office is close, and it's central in the state.
- It's a good location; we like to switch between Green Bay and Fox Cities.
- It would be great; a nice, easy location for people to drive to.
- Fine. It's okay. It's not as easy to get to from the freeway or the airport, and it's centrally located, but not as central as the Wisconsin Dells.
- Very favorable. It's a great community with friendly people and accessible access to hotels.
- I think there are a bunch of great people in the community, especially at the Paper Valley; they are always so helpful with our events.
- We like very much lots of restaurants and bars there is shopping west of town and everything is easy to get to.