



Downtown Conference Center and Hotel

“Where Innovation Meets”

BUSINESS PLAN
(Capital Projects that Promote Tourism)

MAY 2010

Alachua County Board of County Commissioners

Alachua County Purchasing Division, Third Floor
County Administration Building
12 SE 1st Street
Gainesville, FL 32601-6983

Submitted by



On behalf of the City of Gainesville

Legislative ID #090572B

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Executive Summary

- Our request: One percent or \$625,000 annually of the Tourist Development Tax (TDT) be dedicated to the City of Gainesville for 20 years to fund the development a Downtown Conference Center
 - Funding would not be needed until approximately mid 2013
 - TDT funding for 2010-2012 could be re-directed to a different project(s)
 - TDT revenues in excess of \$625,000 annually could be used to fund other projects
- The Downtown Conference Center and Hotel project (“The Project”) consists of two separate projects that need to occur simultaneously:
 - 1) an approximately 38,000 square foot publicly-owned conference center and
 - 2) a 250-room full-service hotel branded as a Marriott, Hyatt, Starwood, or other national/international brand co-located with the conference center
- The Project is expected to generate 62,000 room nights and have a \$26 million impact annually to the local economy, including:
 - \$7.0 million in salaries and wages
 - 234 new jobs
 - \$1.5M in sales and lodging taxes
- The Project the estimated \$625,000 in annual Tourist Development Tax dollars (i.e. one percent) into a \$55 Million project that attracts over \$45 million dollars in private investment
 - It is expected that the City of Gainesville can leverage approximately \$8 million through bonds from an estimated \$625,000 in annual TDT receipts
- The Project is located at the 200 block of SW 2nd Ave, currently known as City Parking Lot 10, a city-owned surface parking lot situated on a complete city block
 - This location provides close proximity to other hotels, parking, restaurants, entertainment, the University of Florida, and it is located on a multi-modal transportation corridor
- The conference center portion of the project, the Downtown Conference Center (DCC), fills a need in the market (limited meeting facilities) and offers the opportunity not only to capture existing meeting demand that is currently leaving Gainesville, but also the creation of a world-class conference facility to attract *new* national, regional, statewide meetings
 - A survey of meeting planners in Florida indicates that a significant number of meetings currently held outside Gainesville because of space limitation would be held in Gainesville if suitable facilities were available
- The hotel portion of the project fills a need in the market for additional hotel rooms in Downtown Gainesville to support the anticipated increase in visitors resulting from innovative redevelopment projects such as the Cade Museum, Depot Park, the Florida Innovation Hub, Innovation Square, and the Innovation Gainesville initiative

- With the new 124 room Hampton Inn and Suites only two blocks away (easy walking distance); the Project will be marketed as a 374-room complex with conference facilities that can accommodate larger meetings
- A Market Study and Financial Analysis performed by PKF Consulting concludes that there is sufficient market demand to support the Project
- The Project will be developed through a public/private partnership with a private master developer approach
 - Through negotiations with a master hotel developer, it is expected that TDT revenues will not be used to subsidize any operational losses from Conference Center activity
 - Letters of interest from hotel developers are included in Appendix C
- The Project supports Plan East Gainesville and provides benefits other than tourism, including:
 - Creation of permanent jobs
 - Support for Gainesville Regional Airport
 - Redevelopment of Downtown Gainesville
 - Premier space for weddings, receptions, banquets for residents of Alachua County

The Need

Meetings and Conferences are second only to Sports as a main purpose for traveling to Gainesville/Alachua County. The University of Florida generates the majority of the demand for meetings and conferences, although other public and private sector business and citizens contribute to this economic sector as well. However, despite the existing levels of high demand and tourism revenue generated by meeting and conference events, market research indicates that existing demand is still largely underserved. Currently, the market for available meeting space is as outlined below:

Location	Largest Function Space	Meeting Room Space
Best Western Gateway	3,980 sq. ft.	1,655 sq. ft.
Clarion	3,816 sq. ft.	3,523 sq. ft.
Hilton University of FL	6,860 sq. ft.	7,080 sq. ft.
Paramount	6,696 sq. ft.	9,928 sq. ft.

Note: The University of Florida's Reitz Union has over 40,000 sq. ft. of high-quality meeting space, including two large ballrooms. While the space is open to the public, University student events receive preference and availability is very limited. Also, there are only 36 hotel rooms on-site. Therefore, it is excluded from this analysis.

The largest venue in the Gainesville area (Hilton) can accommodate less than 350 people for conferences. Because of size constraints at existing Gainesville meeting spaces, groups of more than 300 attendees must find a venue outside of Gainesville. This potential tourist and economic activity is "leaked" to Orlando, Tampa, or Jacksonville.

Global Spectrum, a private management firm responsible for 26 conference and convention centers around the country, was engaged to conduct an *initial* feasibility study for meeting space. Their analysis concluded that Gainesville currently lacks function space for all range of events typically found in a market of this size, and in particular conference/meeting space for meetings with 400-500 people. There is clearly a need for larger meeting space in Alachua County.

Successful meeting or conference center space must be supported by an adequate supply of hotel rooms, which is the reason that meeting space is commonly offered by full-service hotels or the hotels are commonly located adjacent to or very close to publicly owned conference and civic centers.

With projects like the redevelopment of Depot Park, the new Cade Museum, the Florida Innovation Hub, and the development of Innovation Square, there will also be increasing demand for hotel rooms in Downtown Gainesville to accommodate additional out-of-county tourists and corporate/business travelers. Unfortunately, downtown Gainesville currently does not have a critical mass of hotel rooms. As previously outlined, the existing market supply is not sufficient to accommodate current market demand. The addition of these new development projects will exacerbate this issue, and may potentially result in additional economic activity being "leaked" to markets outside Alachua County. The need for more meeting space and the need for more hotel rooms in Downtown Gainesville, create the opportunity to address both needs in a single project.

In addition to meeting space, there is also a need for more multi-purpose space in Gainesville and Alachua County for local residents to utilize for weddings, receptions, banquets, etc.

Brief Project Description

In response to the need outlined above, the CRA proposes a transformational new development for Alachua County and Downtown Gainesville: the Downtown Conference Center (DCC). DCC is a publicly-owned multi-level 38,000 sq. foot, high-tech, state-of-the-art conference center with highly flexible meeting space in the heart of Downtown Gainesville. The project is also combined with a privately-owned 250-room hotel. While the hotel portion of the project is *not* funded through proceeds from the Tourist Development Tax, hotel rooms are critical to the success of the DCC.

Through an innovative public/private partnership, the DCC will catalyze unprecedented economic development opportunity within Alachua County, Downtown Gainesville, and the Plan East Gainesville study area. The project will provide an iconic new development which will transform the urban area, and will also foster new opportunities to translate our unique local business, medical, technological, and education resources into major, long-lasting economic benefits.

DCC's 38,000 square feet of meeting space will be approximately allocated as follows:

- A 10,000 square foot ballroom (divisible into four sections)
- An 8,000 square foot junior ballroom, (divisible into three sections)
- 8,500 square feet of flexibly planned breakout rooms and board rooms
- 3,500 square feet of pre-function spaces
- 8,000 square feet of support spaces

This configuration would permit the seating in the ballroom of approximately 800 persons banquet style and 400 people classroom style.

Figure 1. Conceptual schematic illustrations of DCC and Hotel





View Looking SouthEast

It is estimated that this project will generate approximately 62,000 room nights...

Market Segment*	Estimated Room Nights**
Group travel	27,600
Corporate travel	24,400
Leisure travel	10,000
Total	62,000

*Segments are defined in more detail later in plan

**Methodology is explained in PKF Market Study – Appendix A

...which translates into a major economic benefit to the community:

Economic Measure	Estimated Impact	Measures...
Output Impact	\$26,394,314	Revenues received by businesses in Alachua County resulting from the operation of the project
Earnings Impact	\$7,007,669	Salaries and wages paid to employees at the project, and employees at project vendors within Alachua County
Employment Impact	234 FTE jobs	Full-time equivalent jobs at the project and project vendors within Alachua County.
Tax Impact		Alachua County lodging taxes and State of Florida sales taxes generated from the rooms revenues and total hotel revenue of the project
Sales Tax (6.75%)	\$997,589	
Lodging Tax (5%)	\$478,939	
Total Taxes	\$1,476,528	
<i>Source: PKF Hospitality Research</i>		

This project is truly both tourism development and economic development, poised to supply meeting space to fulfill existing unmet demand, to take advantage of Alachua County's central location to meet state/regional industry demand, and to generate and capitalize on the unique opportunities provided by proximity to one of the premier research and technology commercialization institutions in the country.

How does project fit the requirement of Florida Statute 125.0104(5)?

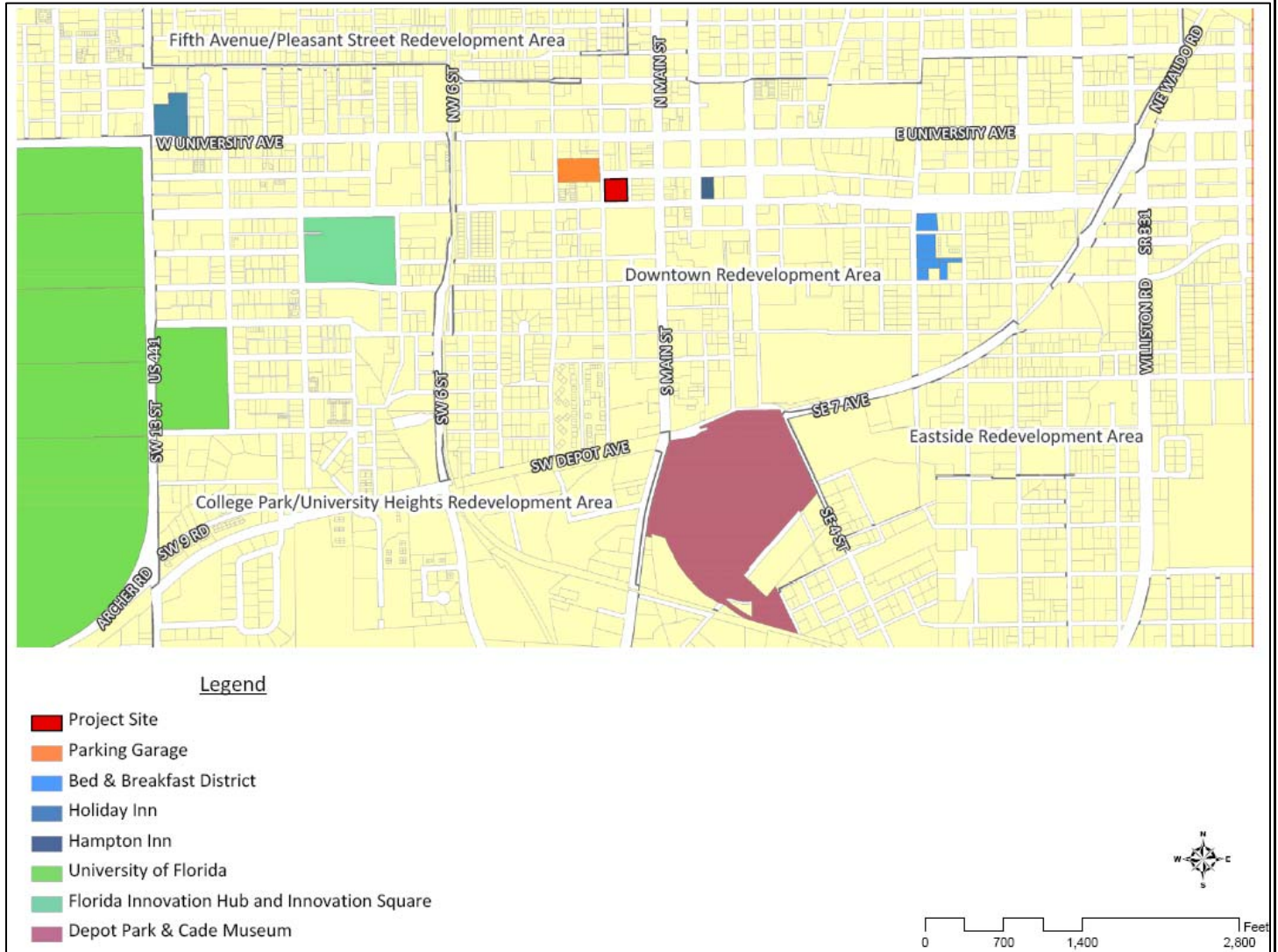
Per subsection 125.0104(5) of the Florida Statutes, a civic/convention center is specifically stated as an authorized use of funds. The ultimate purpose of this facility would be to provide meeting and convention space for organizations both public and private, provide hotel space on-site to accommodate a portion of those visitors and ultimately attract greater tourism dollars to the County.

Project Location and Why This Is The Best Location for Attracting Tourists

Project Location

The project site, also known as City Parking Lot 10, is a city-owned surface parking lot situated on a complete city block in the 200 block of SW 2nd Avenue. The reasons why this location is the best for attracting tourists include its close proximity to hotels, parking, restaurants, entertainment, Depot Park/Cade Museum, and the University of Florida.

Figure 2. Map of project site and surrounding area



Hotels and Lodging

The number one factor for meeting planners responsible for bringing tourists to conference/meeting centers is the availability of hotels. This project will provide new a on-site hotel AND make the most of downtown's existing hospitality option. The project site is two blocks from the new 124-room Hampton Inn and a short shuttle bus ride from the 132- room Gainesville-University Center Holiday Inn at University Avenue and NW 13th Street. The site is also within ½ mile of the Bed & Breakfast District. The proposed project has the potential to spur additional hotel/hospitality development in an area that is primed for redevelopment and it is expected that existing downtown hotels will benefit from increased occupancy.

Parking

The site is directly adjacent to the 855-space City of Gainesville Downtown Parking Garage. Accessibility to adequate parking is a primary factor in attracting tourists, especially in an urban location. The City of Gainesville supports utilizing the parking garage to meet parking needs for this project, mitigating a significant issue (and cost) for the project. Additional surface parking lots are also available within the ¼ mile walking distance of the site.

Restaurants and Entertainment

Another critical factor for tourists visiting the proposed conference center is accessibility to food and entertainment. The site is located in the heart of downtown Gainesville, which offers a wide variety of dining options with over 20 restaurants to experience Gainesville's unique culture. The site is strategically located to take advantage of downtown Gainesville's vibrant nightlife and other cultural outlets such as the Hippodrome. The conference center will also be located within 0.4 miles of Depot Park and the proposed Cade Innovation Museum.

SW 2nd Avenue Transportation Corridor

Central location and easy access to transportation options as well as to business, entertainment, and other venues is a major factor in a site-suitability analysis for tourism generators. The site is located on an important primary corridor that connects downtown to the University of Florida. The site is 1/3 mile from the planned Florida Innovation Hub and 3/5 mile from the University of Florida. It is also 1/3 mile from the Shands/AGH site that represents a significant redevelopment opportunity. The central location provides easy access from a variety of transportation options: pedestrian, vehicular, transit, and bicycle. The site also benefits from a \$3.4 million investment to Southwest 2nd Avenue upgrading both functionality and aesthetics to provide transit accessibility, landscaping, decorative lighting, roadway and median improvements. The project site is approximately four (4) miles from Gainesville Regional Airport and is well situated to benefit from future transit connectivity improvements to the airport and other venues. Lastly, the project's site has excellent accessibility from all four sides and enhanced visibility from major streets.

Cade Museum and Depot Park

As stated in "The Need" section, the hotel portion of the project will support out-of-county visitors coming to the Cade Museum. With its redevelopment, Depot Park and renovated Depot Building museum will also be a tourist generator. The project is located within walking distance from both.

Market Study

PKF Consulting, an international firm of management consultants, industry specialists, and appraisers who provide a full range of services to the hospitality, real estate, and tourism industries, was engaged to perform a Market Study and Financial Analysis for the project. A copy of the full report is included in Appendix A.



Methodology

The study focused on the determination of current and potential future demand for hotel and meeting facilities in the market area, an assessment of the area's existing and potential future competitive supply of lodging facilities, the share of the market the subject Hotel could reasonably attain after the Hotel is constructed, and the prospective cash flow from operations to the level of net operating income. To complete this study, PKF Consulting:

- Visited the market area, inspected the site, met with selected University of Florida (“UF”) and other demand generators, management of competitive hotels and toured the competitive properties.
- Subsequently completed the following market analysis procedures:
 - Analyzed the suitability of the Site and surrounding areas;
 - Reviewed critical issues such as access to the area, transportation systems and traffic patterns, and the compatibility of surrounding land uses with the Project;
 - Interviewed representatives of the Gainesville Convention and Visitors Bureau, the University of Florida, the City of Gainesville/CRA and representatives of management of a select group of hotels that could be competitive with the Project and others in the community known to be knowledgeable about the Gainesville area lodging market;
 - Gathered information from numerous sources including websites, consultant's internal databases, Economy.com, and individuals knowledgeable about the Gainesville downtown market area characteristics, economic and demographic data, development projects and other such market-related information;
 - Completed an analysis of the lodging sector in the Gainesville market area, and translated this information into a projection of potential utilization for a Hotel developed at the subject Site;
 - Conducted interviews with UF and private meeting planners to get their opinions on the Project and the market for meetings in Gainesville
 - Conducted an on-line survey of 258 meeting planners working in the Florida area to obtain their perspectives on the Project and the meetings market in Gainesville.

- Based upon the analysis of market demand, provided a facilities recommendation and estimated occupancy and average daily room rate for the proposed Hotel.
- Prepared consolidated projected annual cash flow available for debt service and income taxes for the proposed Hotel and Meeting Facilities for the first ten years of operations, presented in accordance with the Uniform System of Accounts for the Lodging Industry.
- Prepared estimates of the economic impact of the Project on the local economy.

The assumptions and findings from PKF's study were used by CRA staff in the development of this business plan.

How will the project be marketed to tourists?

The conference center will be marketed by a professional sales and marketing staff consistent with the expectations of a full-service hotel brand like Marriott, Hyatt, etc. With the new 124 room Hampton Inn and Suites only two blocks away (easy walking distance); the Project will be marketed as a 374-room complex with conference facilities that can accommodate larger meetings. Because the hotel is likely to be a Marriott, Sheraton, or Hyatt brand, it will also benefit from the group business marketing campaigns, national reservation system; travel rewards programs, and consumer recognition.

The project will be marketed to the three basic market segments:

Group Segment

The Group segment consists of UF, corporate, association and SMERF (Social, Military, Educational, Religious, or Fraternal) organizations that accommodate a minimum of 10 rooms. Direct interviews with meeting planners and the meeting planner survey conducted in the course of this engagement indicate that there is a significant amount of group business that would prefer to meet in Gainesville but cannot do so because a large enough venue is not available.

Corporate Transient Segment

The corporate transient segment stays typically occur during the mid-week nights Monday through Thursday. Gainesville companies and organizations that generate a significant amount of demand in this segment include UF, Shands Medical facilities, the Veterans Administration hospital, Santa Fe College and companies like Nationwide Insurance and the Wal-Mart Distribution Center.

Leisure Segment

The leisure segment consists of guests traveling to the market for leisure/recreation purposes. Primary leisure demand generators include visitors to UF students, athletic events, prospective students and their families. UF home football home games alone attract tens of thousands of visitors for each weekend.

The County Tourism Development Office would also help market the project. The County Tourism office will help meeting planners and organizations take advantage of their grant programs, advertising opportunities and sales/recruiting resources.

Since the space could also be utilized for indoor sporting or gaming tournaments, it could also be marketed with the help of the Gainesville Sports Commission.

Development Approach

One of the core competencies of the CRA is developing public/private partnerships to deliver high-quality projects. For example, the CRA was responsible for taking another surface parking lot, soliciting developers, negotiating, and entering into a public/private partnership for the downtown Hampton Inn & Suites. The CRA will issue a Request for Qualifications (RFQ) or an Invitation to Negotiate (ITN) to solicit for a “master developer” to build the hotel and the conference center. Hotel developers that can operate under a franchise agreement with a nationally known hotel company will be solicited. The CRA solicited Letters of Interest from hotel developers. The letters, which demonstrate interest from the private sector, are included in Appendix C.

The master developer will be responsible for forming a design and construction team, financing, and building the entire project. After construction is complete and permanent financing is required, the CRA, via City of Gainesville’s bonding facilities, will provide the proceeds from a bond issue to purchase the conference center portion of the project. With this approach, over \$45 million in private capital can be leveraged and invested in the project.

Operating Agreement

At the heart of this development approach will be an operating agreement between the developer and the CRA (or City of Gainesville). The Operating Agreement will outline, but not be limited to:

- Term of agreement – anticipated to be 20 years
- Duties of Developer/Management Company
- Duties of City of Gainesville
- Default and Termination
- Assignment

Once a developer is selected, the terms of the Operating Agreement will be negotiated and finalized. It is anticipated that through these negotiations, County TDT dollars will not be used to subsidize any operational losses from Conference Center activity.

Inter-local Agreement

An inter-local agreement will also be entered into between Alachua County and the City of Gainesville that defines the terms, uses, and restrictions for use of the Tourist Development Tax dollars.

Financial Analysis

This section is divided into three sub-sections: 1) Development Costs, 2) Net Operating Income Projections, and 3) On-going Operational Costs.

1) Development Costs

The table below depicts the uses and sources of cash for the project.

Figure 3. Sources and Uses

Uses	Amount		Sources	Amount
Construction - Hotel	\$ 42,700,000		Bank Loan	\$ 29,000,000
Construction - Conference Center	\$ 8,550,000		City Bond Proceeds	\$ 7,000,000
Construction Contingency	\$ 2,562,500		Equity / Gap Financing	\$ 18,362,500
Land	\$ 550,000			
Total Uses	\$ 54,362,500		Total Sources	\$ 54,362,500

The project brings over \$54 million dollars in investment to Alachua County and downtown Gainesville, with over \$45 million in private equity and private debt.

Key Assumptions

Construction

Construction for the overall project is estimated at \$210,000 per room. Of this total, \$8.5M is estimated to be the cost for the conference center portion of the project.

Contingency

Contingency is 5% of construction cost and allocated between the conference center and hotel.

Land

Per a previous agreement with a developer, it is expected that the City of Gainesville will receive \$550,000 for the land. However, the final financial structure could deal with the land differently, potentially through a long-term land lease.

Bank Loan

The loan value is based on a Debt Coverage Ratio (DCR) of 1.48 with an interest rate 8.00% for 26 years. Average DCR, interest rate, and term provided by PKF Hospitality Research, the research affiliate of PKF Consulting.

City Bond Proceeds

As stated in the County's request for business plans, we have capped the bond proceeds at \$7,000,000 for this analysis. However, it is estimated that the City of Gainesville can bond \$8,000,000 by leveraging the estimated TDT revenues of \$625,000 based on current yield curves. (Source: City of Gainesville Finance Director). The proceeds will be provided after construction of the project is completed as part of the permanent (or takeout) financing structure.

Developer/Private Equity

Amount of equity required from developer, other private sources, or gap financing economic development tools.

Note: The final financial structure cannot be determined until a master developer is selected and debt financing is finalized. Other economic development financing tools may also be used, but cannot be determined until other financing factors are finalized.

2) Net Operating Income (NOI) Projections

Key Assumptions:

Consolidated Operations

The conference center revenues and expenses are consolidated with the hotel's revenue and expenses. Because it is anticipated that the selected developer will also be responsible for managing the conference center space, to separate the NOI projections would require assumptions of assumptions. The industry practice is to project NOI for full service hotels that include conference centers, but it is not standard practice to separate the financials. This assumption is also supported by our expectation that no County TDT dollars will subsidize the on-going operations of the project and therefore, there is no real need to separate the financials.

Project Size and Opening

The hotel includes 250 rooms and assumes that the project opens on January 1, 2013. This allows year one to be a full-year of operations and serve as a base for the projections. Note: While the project will be marketed as a 374-room complex, only 250 new hotel rooms will be built as a result of the project.

Stabilization

The operations of the project as expected to stabilize in year 3 or 2015. Stabilization assumptions include:

- Occupancy rate = 68%
 - Based on market study
- Stabilized Average Daily Rate (ADR) = \$173.75
 - Based on \$145.50 in 2009 dollars, growing at 3% per year for 6 years (2015)

Inflation

Inflation is assumed at 3% annually.

The following operating results analysis was provided by PKF Consulting. It provides revenue and expense projections for the first 10 years of operations.

The full financial analysis, including PKF's assumptions, is included in Appendix A.

Proposed Gainesville Hotel and Meeting Facilities (Consolidated)

Projected Operating Results
Calendar Years

	2013	2014	2015	2016	2017
Number of Units:	250	250	250	250	250
Annual Occupancy:	54.0%	64.0%	68.0%	68.0%	68.0%
Average Daily Rate:	\$163.75	\$168.75	\$173.75	\$179.00	\$184.25
Revenue Per Available Room:	\$88.43	\$108.00	\$118.15	\$121.72	\$125.29
	Amount	Amount	Amount	Amount	Amount
Revenues					
Rooms	\$8,070,000	\$9,855,000	\$10,781,000	\$11,107,000	\$11,433,000
Food & Beverage	3,605,000	4,401,000	4,816,000	4,960,000	5,109,000
Conference Services	555,000	677,000	741,000	763,000	786,000
Other Operated Departments	222,000	271,000	296,000	305,000	314,000
Total Revenues	12,452,000	15,204,000	16,634,000	17,135,000	17,642,000
Departmental Expenses					
Rooms	1,692,000	1,885,000	2,000,000	2,060,000	2,122,000
Food & Beverage	2,586,000	2,932,000	3,130,000	3,224,000	3,321,000
Conference Services	471,000	575,000	630,000	649,000	668,000
Other Operated Departments	144,000	176,000	193,000	198,000	204,000
Total Departmental Expenses	4,893,000	5,568,000	5,953,000	6,131,000	6,315,000
Departmental Profit	7,559,000	9,636,000	10,681,000	11,004,000	11,327,000
Undistributed Expenses					
Administrative & General	1,407,000	1,449,000	1,493,000	1,537,000	1,583,000
Marketing	1,640,000	1,613,000	1,582,000	1,630,000	1,678,000
Property Operation and Maintenance	582,000	633,000	687,000	707,000	728,000
Utility Costs	957,000	985,000	1,015,000	1,045,000	1,077,000
Total Undistributed Operating Expenses	4,586,000	4,680,000	4,777,000	4,919,000	5,066,000
Gross Operating Profit	2,973,000	4,956,000	5,904,000	6,085,000	6,261,000
Base Management Fee	374,000	456,000	499,000	514,000	529,000
Fixed Expenses					
Property Taxes	684,000	704,000	725,000	747,000	770,000
Insurance	253,000	261,000	269,000	277,000	285,000
Total Fixed Expenses	937,000	965,000	994,000	1,024,000	1,055,000
Net Operating Income	1,662,000	3,535,000	4,411,000	4,547,000	4,677,000
FF&E Reserve	249,000	456,000	665,000	685,000	706,000
Net Operating Income After Reserve	\$1,413,000	\$3,079,000	\$3,746,000	\$3,862,000	\$3,971,000
Source: PKF Consulting	Full Year of Operation				

Proposed Gainesville Hotel and Meeting Facilities (Consolidated)

Projected Operating Results
Calendar Years

	2018	2019	2020	2021	2022
Number of Units:	250	250	250	250	250
Annual Occupancy:	68.0%	68.0%	68.0%	68.0%	68.0%
Average Daily Rate:	\$189.75	\$195.50	\$201.50	\$207.50	\$213.75
Revenue Per Available Room:	\$129.03	\$132.94	\$137.02	\$141.10	\$145.35
	Amount	Amount	Amount	Amount	Amount
Revenues					
Rooms	\$11,774,000	\$12,131,000	\$12,503,000	\$12,875,000	\$13,263,000
Food & Beverage	5,262,000	5,420,000	5,583,000	5,750,000	5,923,000
Conference Services	810,000	834,000	859,000	885,000	911,000
Other Operated Departments	324,000	334,000	344,000	354,000	364,000
Total Revenues	18,170,000	18,719,000	19,289,000	19,864,000	20,461,000
Departmental Expenses					
Rooms	2,186,000	2,252,000	2,319,000	2,389,000	2,460,000
Food & Beverage	3,421,000	3,523,000	3,629,000	3,738,000	3,850,000
Conference Services	688,000	709,000	730,000	752,000	775,000
Other Operated Departments	210,000	217,000	223,000	230,000	237,000
Total Departmental Expenses	6,505,000	6,701,000	6,901,000	7,109,000	7,322,000
Departmental Profit	11,665,000	12,018,000	12,388,000	12,755,000	13,139,000
Undistributed Expenses					
Administrative & General	1,631,000	1,680,000	1,730,000	1,782,000	1,836,000
Marketing	1,729,000	1,781,000	1,834,000	1,889,000	1,946,000
Property Operation and Maintenance	750,000	773,000	796,000	820,000	844,000
Utility Costs	1,109,000	1,142,000	1,177,000	1,212,000	1,248,000
Total Undistributed Operating Expenses	5,219,000	5,376,000	5,537,000	5,703,000	5,874,000
Gross Operating Profit	6,446,000	6,642,000	6,851,000	7,052,000	7,265,000
Base Management Fee	545,000	562,000	579,000	596,000	614,000
Fixed Expenses					
Property Taxes	793,000	816,000	841,000	866,000	892,000
Insurance	294,000	302,000	311,000	321,000	330,000
Total Fixed Expenses	1,087,000	1,118,000	1,152,000	1,187,000	1,222,000
Net Operating Income	4,814,000	4,962,000	5,120,000	5,269,000	5,429,000
FF&E Reserve	727,000	749,000	772,000	795,000	818,000
Net Operating Income After Reserve	\$4,087,000	\$4,213,000	\$4,348,000	\$4,474,000	\$4,611,000
Source: PKF Consulting					

3) On-going Operational Costs

The on-going operating costs are included in the NOI projections. Through negotiations with the Master Developer, it is anticipated that County TDT will not be used to subsidize any operational losses from Conference Center activity and therefore have no exposure to on-going operational costs.

Economic Impact/Anticipated Return on Investment (ROI) for Tourism

Name of events that could be hosted at facility	Given the wide-range of events and functions that the conference center can accommodate, the following is only a sampling of the types of events that could be hosted: <ul style="list-style-type: none"> • University of FL Conferences (IFAS, Medical, General) • Professional/Academic • Corporate Conferences/Training • Regional/State-wide organizational meeting • Industry Tradeshows • TED Events • Innovation Showcases
Number of attendees from out of county	50 – 500
Number of hotel rooms booked per event	50 – 400
Bed-tax generated by out of county visitors	\$478,939
Sales tax generated by out of county visitors	\$997,589

ECONOMIC IMPACT ANALYSIS

In addition to this requested information, the project is expected to generate additional economic impact. PKF Hospitality Research (PKF-HR) prepared estimates of the economic benefit associated by the construction and operation of the project. The estimates of economic impact are for dollars spent, and people employed, within Alachua County. The methodology and assumptions used to prepare the estimates of economic impact are included in Appendix A - Section IX.

Construction Impact

Economic Measure	Estimated Impact	Measures...
Output Impact	\$78,446,345	Direct dollars spent with construction, architecture, design, and engineering firms to construct the project. In turn, this includes the purchases made by these firms to buy goods and services within Alachua County.
Earnings Impact	\$21,116,030	Salaries and wages paid to employees of the construction, architecture, design, and engineering firms associated with the building of the project, as well as the employees of vendors providing goods and services to these firms.
Employment Impact	560 FTE jobs	Full-time equivalent jobs at the construction, architecture, design, and engineering firms associated with the building of the project, as well as the employees of vendors providing goods and services to these firms.
<i>Source: PKF Hospitality Research</i>		

Operational Impact

Economic Measure	Estimated Impact	Measures...
Output Impact	\$26,394,314	Revenues received by businesses in Alachua County resulting from the operation of the project
Earnings Impact	\$7,007,669	Salaries and wages paid to employees at the project, and employees at project vendors within Alachua County
Employment Impact	234 FTE jobs	Full-time equivalent jobs at the project and project vendors within Alachua County.
Tax Impact		Alachua County lodging taxes and State of Florida sales taxes generated from the rooms revenues and total hotel revenue of the project
Sales Tax (6.75%)	\$997,589	
Lodging Tax (5%)	\$478,939	
Total Taxes	\$1,476,528	
<i>Source: PKF Hospitality Research</i>		

Secondhand Benefit To The County Other Than Tourism:

Job Creation

This project would create short-term jobs through the construction phase during which local businesses could provide supplies, services, and labor to aid in construction. Long-term jobs would be created not only from employees directly employed at the conference center, but also from the multiplier effect of employees and visitors spending income on goods and services in the area.

Gainesville Regional Airport

In regards to transportation, air travel to the Gainesville Regional Airport would increase with more conferences, meetings and events, and the rental car business would increase. There would also be potential for increased parking revenue at public and private lots and decks.

Downtown Redevelopment

If the project includes private development, the tax base will also be increased and the project also serves to eliminate slum and blight in the Downtown Redevelopment Area.

Multipurpose Space

The project will provide additional space for weddings, receptions, banquets for residents of Alachua County.

Plan East Gainesville

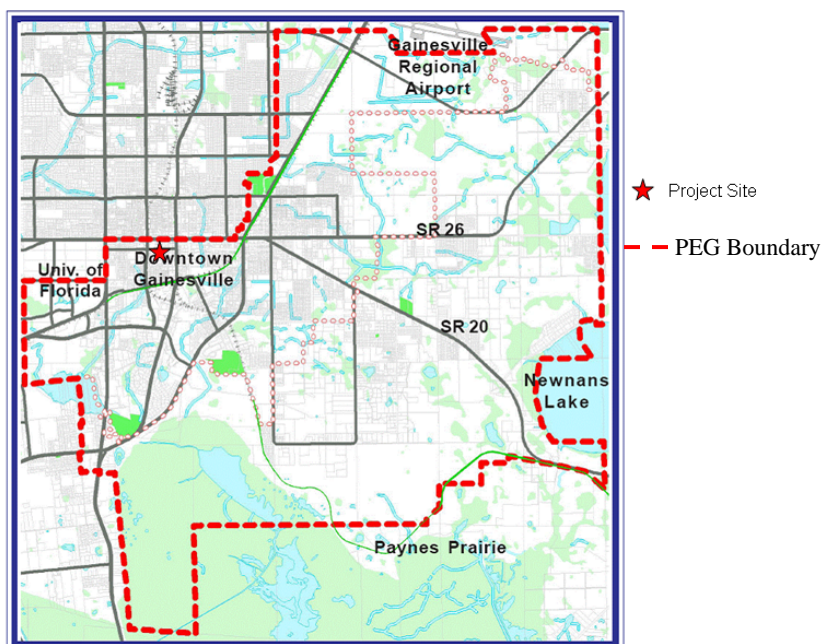
The project also supports the implementation of Plan East Gainesville (PEG), a comprehensive planning tool designed to achieve high quality growth, economic development, and reinvestment in the eastern portions of Gainesville and Alachua County. The conference center project supports the overarching vision of PEG, and it also serves to implement a number of PEG Priority Objectives and corresponding PEG Supporting Goals:

- ***PEG Priority Objective:*** *Target specific areas for mixed used development centers that can support and sustain higher levels of employment, commercial and social activities*
 - The project is centrally located within the PEG study area. It includes a mixture of commercial uses and its strategic location within the Downtown

Gainesville's business/hospitality district builds on the synergy of an established mixed-use employment/commercial/social center. The project will also sustain higher levels of local employment and is anticipated to generate approximately 234 new jobs.

- **PEG Priority Objective:** *Protect vital natural resources such as the watersheds, creeks, tree canopy and scenic vistas that make East Gainesville unique*
 - This project is urban infill redevelopment. Redeveloping an underutilized property in an urban area promotes responsible development patterns, minimizes urban sprawl, and subsequently preserves Eastern Gainesville's vital natural resources such as the wetlands, creeks, tree canopy, etc. This project's location leverages the existing built environment and urban infrastructure to compliment and benefit the proposed hotel and conference facilities. Simultaneously, the new project will be a significant reinvestment which will contribute to the vitality of the PEG study area.
- **PEG Priority Objective:** *Create opportunities for increased walking, bicycling and transit use through compact development patterns, urban design, and development of new facilities and services*
 - The project is located on the SW 2nd Avenue multi-modal corridor. This corridor recently underwent a \$3.4M reconstruction to accommodate automobile, transit, bicycle, and pedestrian traffic. The site's location in the heart of the urbanized downtown area embraces compact development patterns and leverages synergy from existing bicycle/transit/pedestrian infrastructure at the project site and in the greater surrounding area. For example, the project site is located along public transit routes, is just ½ mile from the Rosa Parks RTS station, and is adjacent to sidewalks, bicycle lanes, and rail-to-trail bike/pedestrian corridors.

Figure 3. Boundary Map Plan East Gainesville



National and International Recognition

The Downtown Conference Center is uniquely positioned to bring national and international recognition to Gainesville/Alachua County. The project's strength lies in its ability to maximize assets that are truly unique to our community and leverage these attributes to create a sum that will be far greater than the simple combination of individual parts such as:

- ***The University of Florida*** – a leading research institution that attracts top academic and research faculty from around the nation and the globe and boasts a large alumni influential in a variety of fields and markets worldwide. The knowledge and human capital at the University already generate national and international recognition, which, if properly harnessed, have the capability to produce monumental economic benefits to the local community
- ***The Cade Museum*** – The nation's first innovation and technology museum, this world class facility will be located only ½ mile from the project
- ***Innovation Square*** – A creative approach to fostering and building an innovation/knowledge economy based on university-related technology transfer, which will also serve as national urban redevelopment model. Once developed, this site will include the Innovation Hub incubator, knowledge-economy companies, retail, and world-class public amenities.

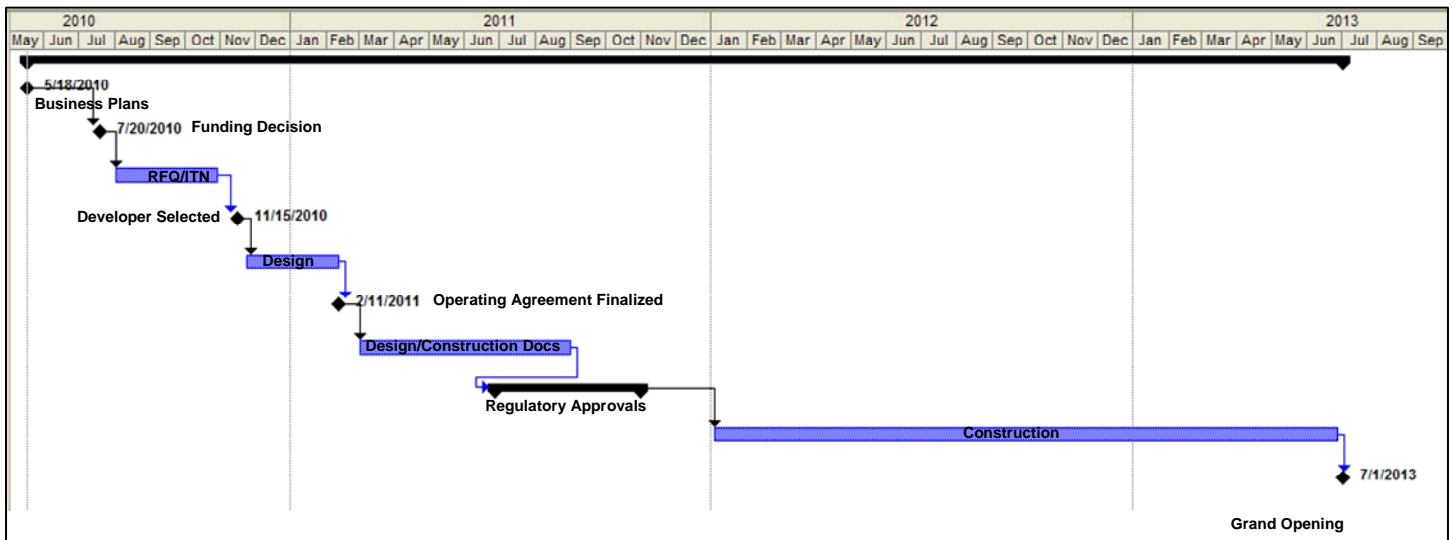
Each of these resources has enormous potential to provide cultural and economic benefit to Gainesville/Alachua County. However, the community currently lacks a proper showcase that can leverage these assets into economic drivers which will position Gainesville/Alachua County on national and global economic stage. The DCC is a critical tool in the Innovation Gainesville vision; it provides a vital business asset that is necessary to launch university-related technology transfer, and to keep these businesses in our local community. The Downtown Conference Center will truly be “Where Innovation Meets.”

The project is rooted in the innovative vision of the public sector to recognize the community's latent assets and utilize them in manner that actively positions Gainesville/Alachua County for success in the new economy. This will be an exemplary project that other communities will study, visit, and strive to reproduce. The project will gain national recognition for the pioneering vision of the public sector, the inter-governmental cooperation, the creative public/private financing partnerships, the integration of technological innovation and business development, and the transformative downtown revitalization.

Development Milestones

The project will be managed against an aggressive timeline. The table below highlights the major milestones and high-level project schedule. Please note that the timeline is tentative and subject to change as a master developer is selected.

Milestone	Timeframe
Business Plans Due	May 18, 2010
County Funding Decisions	July 2010
RFQ/ITN Process	August – October 2010
Developer Selected	November 2010
Operating Agreement Negotiations	November 2010 – January 2011
Operating Agreement Finalized	January/February 2011
Design & Construction Documents	March – August 2011
Regulatory Approvals	June – October 2011
Construction	January 2012 – June 2013
Project Opening	July 2013



Appendix

- A. *PKF Consulting Market Study and Financial Analysis*
- B. *Global Spectrum Conference Center Feasibility Report*
- C. *Developer Letters of Interest*