



## Eau Claire Event Center and Convention Center/Hotel Market, Financial Feasibility, and Economic Impact Analysis – FINAL REPORT

December 12, 2018

December 12, 2018  
Linda John  
Executive Director – Visit Eau Claire  
4319 Jeffers Road  
Eau Claire, Wisconsin 54703

Dear Ms. John,

Visit Eau Claire (Client) engaged Hunden Strategic Partners team (HSP) to perform a comprehensive market, financial feasibility, and economic impact analysis for the potential development of a new convention center in Eau Claire. HSP also analyzed the market opportunity for the increased capacity of an arena-style event center as part of the Sonnentag Event and Recreation Complex.

This deliverable has been prepared under the following general assumptions and limiting conditions:

- The findings presented herein reflect analysis of primary and secondary sources of information that are assumed to be correct. HSP utilized sources deemed to be reliable, but cannot guarantee their accuracy.
- No responsibility is taken for changes in market conditions after the date of this report and no obligation is assumed to revise this report to reflect events or conditions occurring after the date of this report.
- HSP has no control over construction costs or timing of construction and opening.
- Macroeconomic events affecting travel and the economy cannot be predicted and may impact the development and performance of the project.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

**Hunden Strategic Partners**

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## Key Questions

### EVENT CENTER

Given the proposed Event Center at the Sonnentag Event and Recreation Complex, HSP was tasked with answering the following key questions:

- What is the market opportunity for a new event center in Eau Claire to attract concerts, family shows, and other events?
- What is the competitive supply of arenas and events centers in the region? What capacity is needed at a new facility to compete with comparable regional venues?
- Is there an incremental advantage to increasing the capacity (from 4,500) of the proposed Sonnentag Event Center? What is the ideal size (capacity) for the event center?
- How is a new Event Center in Eau Claire projected to perform. What is the fiscal benefit to increasing the size of the event center?
- What is the economic, fiscal, and employment impact of a new event center in Eau Claire at each size?



## Key Questions

### CONVENTION CENTER & HOTEL

In addition to the proposed event center, HSP was asked to analyze the market opportunity for a new convention center development on the Sonnentag Event and Recreation Complex site. The key questions HSP was tasked to answer were:

- What is the market opportunity for a convention center and headquarter hotel development as part of the Sonnentag Event and Recreation Complex?
- What is the local supply of meeting and event venues in Eau Claire? What is the competitive regional supply of convention event venues in the market? How are they performing? Is there a market gap?
- What is the local and regional demand for new meeting and event space in Eau Claire? What types of events would this facility be able to attract?
- Is a convention center and/or a hotel recommended? If so, what amenities/spaces should the development include?
- How is the recommended development projected to perform? What are the projected economic, fiscal, and employment impacts that will result from the project?

## Headlines – Event Center

Based on a thorough market analysis, HSP presents the following headlines as it relates to an event center development in Eau Claire:

- **There is an incremental benefit to increasing event center capacity.** HSP's analysis indicated that a 4,500-capacity event venue, which has been proposed and would accommodate the needs of the University, may struggle for consideration by major concert and entertainment promoters. Market feedback suggested that, in order to compete with existing regional venues and potentially attract acts, any new venue in Eau Claire needs to be able to accommodate approximately 6,500 spectators for concert seating. While some family shows would not consider the capacity to be a major factor, the difference in capacity may significantly impact the opportunity for Eau Claire to attract concerts.
- **The greater regional market is competitive.** The competitive regional market is already fairly saturated from a mid-sized arena perspective. Eau Claire, due to its population base and proposed facility size, will not be able to compete with Chicago, Milwaukee, Madison, or the Twin Cities for major concerts and family shows touring the region. National event promoters indicated that these acts will likely play one to two secondary markets in the region during its schedule. Currently, Madison, Green Bay, La Crosse, and Rochester all offer mid-size venues that not only have a strong track records hosting events, but have also established relationships with promoters. With that said, Eau Claire *can* establish itself as a destination for events with the development of a new, high-quality venue with the appropriate amenities.

## Headlines – Event Center

- **The market offers distinct advantages.** College towns provide a strong base for concerts, and the drive-time capturable market in Eau Claire demonstrates a high median income compared to other cities, which is a major factor for promoters.
- **Eau Claire also faces challenges.** The market features characteristics that will be viewed as potential challenges for promoters. While the market's proximity to the Twin Cities is not a deal-breaker, many acts will not play both markets. In addition, because Eau Claire shares a media market with another potential event destination, La Crosse, it will not be viewed favorably by prospective events.
- **Other than UWEC events, ice would provide little benefit in attracting public entertainment events.** HSP's analysis indicated that there would be minimal non-UWEC incremental benefit to including ice capability in the facility. The additional revenues and impact from ice shows, which are not certain, are minimal. The increased impact does not exceed the costs of including ice, which can exceed \$4 million. However, due to the needs of UWEC athletics, as well as the potential for Eau Claire to host other sporting events, ice was assumed for all projections. It is important to note that this analysis also did not consider the potential for the new event center to attract a potential minor league hockey team, which is a possibility.

## Headlines – Event Center

- **Scheduling challenges should be anticipated:** Due to UWEC athletics commitments, which will generate more than 40 event days throughout the calendar year, there will be scheduling challenges associated with hosting outside entertainment acts. This will not be a unique challenge to Eau Claire, however, as the majority of all concert and entertainment arenas throughout the country have permanent tenants that occupy a portion of the calendar every year. In addition, as a mid-level market, promoters will likely consider Eau Claire for midweek events between major markets. While not all sporting events occur during the weekend, potential midweek concert dates will complement the UWEC athletic schedule.
- **Strong management is critical.** The development of a new, high-quality event facility with the appropriate capacity, rigging, and loading capabilities, and amenities (quality dressing and green rooms, etc.) required by major event promoters will help Eau Claire to get its foot in the door during its first few years of operation. In order to be successful long-term, however, it will be critical that management establishes strong relationships with promoters and that the venue demonstrates strong turnout during its “honeymoon period” over the first couple of years. These organizations do not have relationships in the market, so it is important that the first impression is a positive one for the market.
- **High Quality Event Centers Generate Economic Growth.** Based on HSP’s research, the development of high quality public-assembly facilities, including arena/events centers and convention centers, are correlated to both tourism and economic development growth. As more workers are able to locate in their place of choice, due to remote work abilities, being in a city with centers of entertainment, business and convention activity, is attractive and generates increased visitation, population and employment growth.



## Project Development Costs

The adjacent table summarizes the projected development costs for the 4,500-capacity scenario and the 6,500-capacity scenario. Each scenario, provided by Kahler Slater, assumes a 200' x 85' ice floor and support systems, eight traditional suites, five club/party suites, a full-service kitchen, athletic administration offices, men's hockey locker suite, men's and women's basketball locker suite, and an athletic training area. Overall, the 6,500-capacity scenario is projected to add 31,000 square feet to the project design. Conversations with representatives from Kahler Slater and Ayres Associates indicated that the preliminary site plans include approximately 1,200 surface parking spaces. HSP's analysis suggests that this amount of spaces would accommodate the parking needs for a sold-out event at the 4,500-capacity venue, but would require the development of a garage for the larger event center scenario. Including the 670-space parking structure, the 6,500-capacity event center is projected to cost \$23.7 million more than the smaller scenario.

Projected Development Cost	
Event Center	Total Cost
<b>4,500 Capacity</b>	<b>\$64,000,000</b>
3,000 fixed seats (including premium)	
1,500 floor seats	
Parking Structure	--
<b>Total</b>	<b>\$64,000,000</b>
<b>6,500 Capacity</b>	<b>\$74,300,000</b>
5,000 fixed seats (including premium)	
1,500 floor seats	
Parking Structure	\$13,400,000
<b>Total</b>	<b>\$87,700,000</b>
Source: Kahler Slater, Ayres Associates	

## Event Center Projections

Based on the market analysis, HSP conducted two performance scenarios for the proposed event center: a 4,500-capacity venue and a 6,500-capacity venue. The adjacent tables summarize the demand projections for the two scenarios. It is important to note that these projections include existing UWEC events such as men's and women's basketball games, men's hockey games, and existing graduations that occur at Zorn Arena. HSP projects that the larger 6,500-capacity venue will host 16 additional events per year compared to the smaller venue, including ten more combined concerts and family shows by stabilization.

Projected Schedule of Events by Category and Year - 4,500 Capacity

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	12	12	12	12	12	12	12	12	12	12
Women's Basketball	12	12	12	12	12	12	12	12	12	12
Men's Hockey	12	12	12	12	12	12	12	12	12	12
Concerts & Family Shows	4	5	6	6	6	6	6	6	6	6
Other Sporting Events	3	4	5	5	5	5	5	5	5	5
Graduations	7	7	7	7	7	7	7	7	7	7
Flat-Floor Events (Conventions, Other)	5	6	6	6	6	6	6	6	6	6
<b>Total</b>	<b>55</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>

Source: Hunden Strategic Partners

Projected Schedule of Events by Category and Year - 6,500 Capacity

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	12	12	12	12	12	12	12	12	12	12
Women's Basketball	12	12	12	12	12	12	12	12	12	12
Men's Hockey	12	12	12	12	12	12	12	12	12	12
Concerts & Family Shows	11	13	16	16	16	16	16	16	16	16
Other Sporting Events	7	8	9	9	9	9	9	9	9	9
Graduations	7	7	7	7	7	7	7	7	7	7
Flat-Floor Events (Conventions, Other)	7	8	8	8	8	8	8	8	8	8
<b>Total</b>	<b>68</b>	<b>72</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>

Source: Hunden Strategic Partners

## Event Center Projections

The adjacent tables show the the attendance projections for the two scenarios. HSP projects that the larger 6,500-capacity venue will host approximately 57,000 more attendees per year than the smaller 4,500-capacity event center.

**Projected Paid Attendance by Category and Year - 4,500 Capacity**

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Women's Basketball	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Men's Hockey	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Concerts & Family Shows	15,600	19,500	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400
Other Sporting Events	4,200	5,600	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Graduations	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
Flat-Floor Events (Conventions, Other)	4,500	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Total	46,600	52,800	58,100	58,100	58,100	58,100	58,100	58,100	58,100	58,100

Source: Hunden Strategic Partners

**Projected Paid Attendance by Category and Year - 6,500 Capacity**

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Women's Basketball	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Men's Hockey	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Concerts & Family Shows	49,500	58,500	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Other Sporting Events	11,200	12,800	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Graduations	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
Flat-Floor Events (Conventions, Other)	6,300	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Total	89,300	100,800	115,900	115,900	115,900	115,900	115,900	115,900	115,900	115,900

Source: Hunden Strategic Partners

## Event Center Projections - 4,500

The adjacent tables show HSP's financial operating projections for the smaller 4,500-capacity scenario. These projections assume that all ticket revenue generated by UWEC events is distributed to the University, and not the event center. These projections also assume that UWEC athletic events do not charge for parking, but all general public and entertainment events charge \$5 per car. By Year 5 of operations, HSP projects a net operating loss of \$811,000.

Eau Claire Event Center Financial Projection (thousands of inflated dollars)* - 4,500 Capacity										
Item	Fiscal Year									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operating Revenue</b>										
Rent	\$84	\$105	\$122	\$125	\$128	\$132	\$135	\$138	\$142	\$145
Concessions	63	73	84	86	88	90	93	95	97	100
Merchandise	11	14	18	18	19	19	20	20	21	21
Catering	35	37	39	40	41	44	45	46	47	48
Parking	39	48	55	55	66	66	66	66	77	77
Premium Seating	277	280	283	286	290	302	306	310	314	318
Advertising and Sponsorship	27	28	29	29	30	31	32	32	33	34
Facility Service Fee	54	62	70	70	70	70	70	70	70	70
Other Revenue	24	27	32	32	33	33	34	35	36	36
<b>Total Revenue</b>	<b>\$614</b>	<b>\$674</b>	<b>\$731</b>	<b>\$742</b>	<b>\$764</b>	<b>\$787</b>	<b>\$799</b>	<b>\$812</b>	<b>\$836</b>	<b>\$849</b>
<b>Operating Expense</b>										
Fixed										
Salary - Permanent Staff	\$444	\$455	\$466	\$478	\$490	\$502	\$515	\$528	\$541	\$554
Benefits - Permanent Staff	178	182	187	191	196	201	206	211	216	222
General and Administrative	170	174	179	183	188	192	197	202	207	212
Utilities	140	144	147	151	155	158	162	166	171	175
Repairs and Maintenance	75	77	79	81	83	85	87	89	91	94
Insurance	100	103	105	108	110	113	116	119	122	125
Communications	90	92	95	97	99	102	104	107	110	112
Advertising	40	41	42	43	55	57	58	59	61	62
Misc.	16	16	17	17	18	18	19	19	19	20
Variable										
Utilities	\$33	\$36	\$38	\$39	\$40	\$41	\$42	\$43	\$44	\$45
Hourly Salaries and Benefits	99	107	113	116	119	122	125	128	132	135
<b>Total Expenses</b>	<b>\$1,385</b>	<b>\$1,427</b>	<b>\$1,467</b>	<b>\$1,504</b>	<b>\$1,553</b>	<b>\$1,591</b>	<b>\$1,631</b>	<b>\$1,672</b>	<b>\$1,714</b>	<b>\$1,757</b>
<b>Net Operating Income (Deficit)</b>	<b>(\$771)</b>	<b>(\$753)</b>	<b>(\$736)</b>	<b>(\$762)</b>	<b>(\$788)</b>	<b>(\$805)</b>	<b>(\$832)</b>	<b>(\$860)</b>	<b>(\$878)</b>	<b>(\$907)</b>
Deposit to Maintenance Reserve	\$18	\$20	\$22	\$22	\$23	\$24	\$24	\$24	\$25	\$25
Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Operating Income</b>	<b>(\$789)</b>	<b>(\$773)</b>	<b>(\$758)</b>	<b>(\$784)</b>	<b>(\$811)</b>	<b>(\$828)</b>	<b>(\$856)</b>	<b>(\$884)</b>	<b>(\$903)</b>	<b>(\$933)</b>

Source: Hunden Strategic Partners



## Event Center Projections - 6,500

The adjacent tables show HSP's financial operating projections for the larger 6,500-capacity scenario. These projections assume that all ticket revenue generated by UWEC events is distributed to the University, and not the event center. These projections also assume that UWEC athletic events do not charge for parking, but all general public and entertainment events charge \$5 per car. By Year 5 of operations, HSP projects a net operating loss of \$585,000.

Eau Claire Event Center Financial Projection (thousands of inflated dollars)* - 6,500 Capacity										
Item	Fiscal Year									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operating Revenue</b>										
Rent	\$209	\$249	\$303	\$310	\$318	\$326	\$334	\$343	\$351	\$360
Concessions	130	151	181	186	190	195	200	205	210	215
Merchandise	34	41	51	53	54	55	57	58	60	61
Catering	42	45	48	50	51	54	55	57	58	60
Parking	105	122	144	144	173	173	173	173	202	202
Premium Seating	277	280	283	286	290	302	306	310	314	318
Advertising and Sponsorship	41	42	43	44	45	46	47	48	50	51
Facility Service Fee	115	131	154	154	154	154	154	154	154	154
Other Revenue	46	53	64	65	67	68	69	72	73	75
<b>Total Revenue</b>	<b>\$998</b>	<b>\$1,114</b>	<b>\$1,271</b>	<b>\$1,292</b>	<b>\$1,341</b>	<b>\$1,374</b>	<b>\$1,396</b>	<b>\$1,419</b>	<b>\$1,471</b>	<b>\$1,495</b>
<b>Operating Expense</b>										
Fixed										
Salary - Permanent Staff	\$494	\$506	\$519	\$532	\$545	\$559	\$573	\$587	\$602	\$617
Benefits - Permanent Staff	198	203	208	213	218	224	229	235	241	247
General and Administrative	197	202	207	212	217	223	228	234	240	246
Utilities	180	185	189	194	199	204	209	214	219	225
Repairs and Maintenance	90	92	95	97	99	102	104	107	110	112
Insurance	125	128	131	135	138	141	145	149	152	156
Communications	108	111	113	116	119	122	125	128	132	135
Advertising	60	62	63	65	55	57	58	59	61	62
Misc.	20	21	21	22	22	23	23	24	24	25
Variable										
Utilities	\$58	\$63	\$68	\$70	\$71	\$73	\$75	\$77	\$79	\$81
Hourly Salaries and Benefits	163	177	192	196	201	206	212	217	222	228
<b>Total Expenses</b>	<b>\$1,693</b>	<b>\$1,748</b>	<b>\$1,806</b>	<b>\$1,851</b>	<b>\$1,886</b>	<b>\$1,933</b>	<b>\$1,981</b>	<b>\$2,031</b>	<b>\$2,082</b>	<b>\$2,134</b>
<b>Net Operating Income (Deficit)</b>	<b>(\$695)</b>	<b>(\$635)</b>	<b>(\$534)</b>	<b>(\$559)</b>	<b>(\$545)</b>	<b>(\$559)</b>	<b>(\$586)</b>	<b>(\$612)</b>	<b>(\$610)</b>	<b>(\$639)</b>
Deposit to Maintenance Reserve	\$30	\$33	\$38	\$39	\$40	\$41	\$42	\$43	\$44	\$45
Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Operating Income</b>	<b>(\$725)</b>	<b>(\$668)</b>	<b>(\$572)</b>	<b>(\$598)</b>	<b>(\$585)</b>	<b>(\$601)</b>	<b>(\$628)</b>	<b>(\$654)</b>	<b>(\$654)</b>	<b>(\$683)</b>

Source: Hunden Strategic Partners

## Event Center Projections

The adjacent tables summarize the projected economic, fiscal, and employment impacts of the 4,500-capacity and the 6,500-capacity event center scenarios. HSP projects that the larger facility will generate \$26 million more in net new spending, \$8 million more in net new earnings, 44 more full-time equivalent jobs, and \$500,000 more in fiscal impact over the first ten years of operations compared to the smaller event center. While the larger, 6,500-seat scenario is only 44 percent larger and will only host 16 more events, it is projected to generate nearly three times the amount of fiscal impact over the first ten years of operations. This is because the additional events at the 6,500-seat scenario are the larger, more impactful concerts and family shows that attract visitation and spending from outside of Eau Claire. Existing university events, which comprise the majority of the calendar in both scenarios, generate minimal net new impact to Eau Claire.

Summary of Impact (10 Years) - 4,500 Capacity	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$11
Indirect	\$4
Induced	\$4
<b>Total</b>	<b>\$19</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$3
From Indirect	\$1
From Induced	\$1
<b>Total</b>	<b>\$6</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	19
From Indirect	6
From Induced	7
<b>Total</b>	<b>32</b>
<b>Local Taxes Collected</b>	<b>(millions)</b>
Hotel Tax (8%)	\$0.3
<b>Total</b>	<b>\$0.3</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$25.6
New Labor Spending	\$38.4
Job-Years, From Construction	709
Source: Hunden Strategic Partners	

Summary of Impact (10 Years) - 6,500 Capacity	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$26
Indirect	\$9
Induced	\$10
<b>Total</b>	<b>\$45</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$8
From Indirect	\$3
From Induced	\$3
<b>Total</b>	<b>\$14</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	44
From Indirect	15
From Induced	18
<b>Total</b>	<b>76</b>
<b>Local Taxes Collected</b>	<b>(millions)</b>
Hotel Tax (8%)	\$0.8
<b>Total</b>	<b>\$0.8</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$35.1
New Labor Spending	\$52.6
Job-Years, From Construction	971
Source: Hunden Strategic Partners	

## Headlines – Convention Center and Hotel

Based on a thorough market analysis, HSP presents the following headlines as it relates to a potential convention center development in Eau Claire.

- **There is a gap in the local supply of meeting and event venues.** Currently, Eau Claire offers a collection of smaller, high-quality banquet spaces (Davies Center, Lismore Hotel, Florian Gardens) and expansive flat-floor venues (Chippewa Valley Expo Center), but the market does not offer a comprehensive event complex that features an exhibit hall, ballroom, and breakout meeting rooms all under one roof and at a quality level expected by meeting planners. This hinders Eau Claire's ability to pursue the conventions and large events that generate the greatest amount of spending and economic impact in a community. In addition, the permanent closure of the Plaza Hotel and Suites, the venue with the greatest number of confirmed event bookings over the last five years, only enhanced the gap and opportunity in local supply.
- **Eau Claire is operating at a competitive disadvantage compared to regional competitors.** Eau Claire's current challenge in attracting impactful meetings and events is only accentuated by the fact that the Madison, Duluth, Rochester, St. Cloud, La Crosse, and Green Bay markets each offer event complexes that feature true exhibit space, ballroom space, meeting rooms, and walkable hotel rooms. These spaces and amenities are the expectation from meeting planners, and the existing competitive regional landscape means that Eau Claire is not even considered as a destination with its current offering of venues.

## Headlines – Convention Center and Hotel

- **Statewide meeting planners are interested in Eau Claire.** Eau Claire is generally viewed positively as a destination by prospective statewide associations and meeting planners. The lack of a high-quality, sizeable, flexible event venue is the primary hindrance deterring Eau Claire from attracting conventions and other events, according to the meeting planner survey. In addition, Eau Claire's unique location within the state is extremely attractive to state associations that are looking for new rotation sites. While the market faces challenges (airport access) and the region is fairly saturated, Eau Claire will likely be able to attract events that are currently held in surrounding markets with appropriate facilities.
- **Local corporate events are hindered by the lack of appropriate event facilities.** A meeting planner survey distributed to the largest employers in the Eau Claire market indicated that local corporations face challenges with the size of existing event spaces in Eau Claire and the lack of meeting rooms. Less than ten percent of respondents are satisfied with the existing meeting venues in the market, but more than 60 percent of respondents stated that they would create a new event or expand an existing event if an appropriate facility were developed. While these do not always generate significant hotel demand, they do support a strong catering operation and the bottom line of the facility. It also makes Eau Claire a more attractive place to house a company.
- **A convention center development is recommended.** HSP recommends the development of a new convention center in Eau Claire. According to HSP's analysis, a new convention center should feature 30,000 square feet of exhibit space, a 15,000-square foot ballroom (divisible into six sections), and ten breakout meeting rooms totaling 8,000 square feet. It is important to note that this new exhibit space is in addition to the event center floor, which can also act as event space for flat-floor events.



## Headlines – Convention Center and Hotel

- **A Headquarter Hotel is Recommended.** Any new convention facility must include an attached or adjacent headquarters hotel. Connected, walkable room blocks are a major decision point for meeting planners. An event package developed without a connected lodging option would likely eliminate Eau Claire from consideration for the high-impact conventions that the market is looking to attract. The Eau Claire market has been able to absorb the opening of new, high-quality products as occupancy levels remain relatively healthy, despite new supply.
- **The site presents opportunities for synergy.** The proposed site plan includes the development of several complimentary venues, including the event center, convention center, YMCA, and hotel. By clustering the facilities, Eau Claire, with coordinated and cooperative management amongst the venues, could compete for more and larger events than if the facilities were developed in separate locations. However, the key to success is a coordinated booking effort that would allow for the non-public venues to be booked for events. Connectivity, especially in the winter, will be critical as well.
- **The site is constrained.** The facilities and associated parking can take up a large amount of space. Just the convention center, proposed at approximately 120,000 SF, will take up three acres under roof, plus the parking of 500+ cars (this parking could be accommodated by the 670-space parking structure proposed in the 6,500-seat event center scenario). In addition, expansion space should be planned for the convention center.

## Headlines – Convention Center and Hotel

- **The location does not take advantage of existing assets downtown.** Any new convention facility and hotel relies on adjacent and walkable amenities in order to be attractive. The proposed site is not downtown and therefore cannot create a package of hotel, restaurant and other walkable amenities that the downtown offers. Meeting planners and attendees do not want to feel isolated in their hotel or convention center during their stay. A location downtown would offer this upside, although would be mitigated by not being adjacent to the event center, which could share events. While there is no perfect scenario for Eau Claire, the pro's and con's of the location should be considered. HSP strongly suggests analyzing a downtown site for the convention center that would be walkable to existing restaurants and hotels.
- **The project component will improve the quality of life.** The proposed facilities, including the convention center, hotel, and event center, will help Eau Claire offer big city amenities in a safe, smaller city atmosphere. Quality public event venues allow impact to be captured and not leaked to other markets. The venues attract and retain all manner of events that service the local business community, local charitable organizations, students, families, and others. Regional centers like Eau Claire become and stay competitive as centers of economic activity because of major assets like these, which foster and support commerce.

## Headlines – Convention Center and Hotel

- **High Quality Convention Centers Generate Economic Growth.** Based on HSP's research, the development of high quality public-assembly facilities, including and especially convention centers, are correlated to both tourism and economic development growth. As more workers are able to locate in their place of choice, due to remote work abilities, being in an city with centers of group activity, entertainment events, business and convention activity, is attractive and generates increased visitation, population and employment growth.
- A study by the firm Resonance analyzed correlations of 28 key factors for cities and growth in a number of areas. One of the factors correlated to population growth, foreign direct investment and visitors was the existence of a quality convention center. The correlation to visitation was strongest at a beta of 0.43.
- HSP has studied the development of communities and what drives "placemaking". While employees/employers and tourists historically (1970's – early 2000's) considered different factors when determining where to move or visit, there has been a sea change in behavior and the factors driving decisions. Today's attractiveness factors for companies and individuals have converged. Eight of the ten top factors for making tourism decisions are 8 of the 10 top factors for making corporate location decisions. The investments and assets that communities develop for tourism or business, especially quality of life investments, are now much more highly correlated to business expansion and relocation than ever before. The research by Resonance, noted above, supports these conclusions. HSP and Resonance recently each presented different and yet similar studies and conclusions at the recent City Nation Place conference at NYU in June of 2018.

## Headlines – Convention Center and Hotel

- **Factors that drive economic growth are the same the drive tourism. Many of these are investments in a city as a “Regional Center.” Regional centers include the following:**
  - Convention Centers and Strong Hotel Packages
  - Event Centers/Arenas
  - Performing and Visual Arts Centers that host arts and cultural events
  - Restaurant Districts
  - Nightlife
  - Shopping Districts
  - Recreation Assets
  - Seasonal and Annual Special Events unique to the market
  - Employment Centers
  - Education Centers
  - Media Centers
  - Sports Teams



## Recommendation – Convention Center

The adjacent table summarizes HSP's proposed convention center program. HSP recommends the development of a convention center that offers 30,000 square feet of column free flat-floor exhibit space (three divisions), a 15,000-square foot carpeted ballroom (six 2,500-square foot divisions) and 8,000 square feet of breakout meeting space (10 rooms). The ballroom should be permanently carpeted and feature upgraded wall coverings that are appropriate for sound dampening and aesthetic appeal, built-in high-quality audio-visual capabilities, permanent and flexible chandeliers and other lighting options, and ceiling heights of at least 18 feet. This recommended facility would offer 53,000 square feet of net function space. Based on industry development metrics, this equates to a total building size of approximately 117,000 square feet. Parking of 500 to 600 spaces is recommended. This recommended development is projected to cost \$49.4 million.

Proposed Program (Square Feet)					Capacity	
Area	Square Feet	Divisions	Square Feet	Booths	Theater	Banquet
Exhibit Hall	30,000	3	10,000	150	2,727	2,000
Grand Ballroom	15,000	6	2,500	75	1,364	1,000
Meeting Rooms	8,000	10	Variable	na	Variable	Variable
Total	53,000	22				
Other Space	64,778					
Total Building SF	117,778					
Hard Costs	\$41,200,000					
Soft Costs	\$8,200,000					
<b>Total Projected Cost</b>	<b>\$49,400,000</b>					
Source: HSP						

## Demand and Financial Projections – Convention Center

The adjacent tables show HSP's demand projections for the recommended convention center. HSP projects that the proposed facility will host 144 total events in Year 1 including eight conventions and trade shows, increasing to 257 total events by stabilization (Year 5). Based on average event size assumptions, these events would attract approximately 58,200 attendees in Year 1, increasing to 108,000 by Year 5.

Eau Claire Convention Center Event Demand Projection										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Exhibit Events</b>										
Conventions and Trade Shows	8	9	10	11	12	12	12	12	12	12
Consumer Shows	6	8	10	11	12	12	12	12	12	12
Sports/Entertainment Events	4	5	6	7	8	8	8	8	8	8
Sub-total Exhibit Hall	18	22	26	29	32	32	32	32	32	32
<b>Non-Exhibit</b>										
Corporate Events and Conferences	18	24	30	36	42	42	42	42	42	42
Banquets & Meetings	36	48	54	60	63	63	63	63	63	63
Meeting Room Events	72	84	96	108	120	120	120	120	120	120
Sub-total Non-Exhibit	126	156	180	204	225	225	225	225	225	225
<b>Total</b>	<b>144</b>	<b>178</b>	<b>206</b>	<b>233</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>
Source: HSP										

Projected Attendance										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Exhibit Events</b>										
Conventions and Trade Shows	3,000	3,400	3,800	4,100	4,500	4,500	4,500	4,500	4,500	4,500
Consumer Shows	15,000	20,000	25,000	27,500	30,000	30,000	30,000	30,000	30,000	30,000
Sports/Entertainment Events	4,000	5,000	6,000	7,000	8,000	8,000	8,000	8,000	8,000	8,000
Sub-total Exhibit Hall	22,000	28,400	34,800	38,600	42,500	42,500	42,500	42,500	42,500	42,500
<b>Non-Exhibit</b>										
Corporate Events and Conferences	5,600	7,500	9,400	11,300	13,100	13,100	13,100	13,100	13,100	13,100
Banquets & Meetings	17,600	23,400	26,300	29,300	30,700	30,700	30,700	30,700	30,700	30,700
Meeting Room Events	13,000	15,200	17,400	19,600	21,700	21,700	21,700	21,700	21,700	21,700
Sub-total Non-Exhibit	36,200	46,100	53,100	60,200	65,500	65,500	65,500	65,500	65,500	65,500
<b>Total</b>	<b>58,200</b>	<b>74,500</b>	<b>87,900</b>	<b>98,800</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>
Source: HSP										

## Demand and Financial Projections – Convention Center

HSP applied assumptions to the projected attendance numbers to determine the number of net new daytrips and net new room nights that the proposed project would generate in the Eau Claire community. As shown in the adjacent tables, HSP projects that the recommended convention center will generate more than 16,200 net new room nights by stabilization, and more than 22,000 net new day trips. These net new visitor projections are the major drivers that influence the economic, fiscal, and employment impact projections shown later in this report.

### Net New Room Nights to Eau Claire

Conventions and Trade Shows	1,832	2,076	2,321	2,504	2,748	2,748	2,748	2,748	2,748	2,748
Consumer Shows	711	947	1,184	1,303	1,421	1,421	1,421	1,421	1,421	1,421
Sports/Entertainment Events	800	1,000	1,200	1,400	1,600	1,600	1,600	1,600	1,600	1,600
Corporate Events and Conferences	1,137	1,523	1,909	2,295	2,660	2,660	2,660	2,660	2,660	2,660
Banquets & Meetings	2,071	2,753	3,094	3,447	3,612	3,612	3,612	3,612	3,612	3,612
Meeting Room Events	2,500	2,923	3,346	3,769	4,173	4,173	4,173	4,173	4,173	4,173
<b>Total</b>	<b>9,050</b>	<b>11,223</b>	<b>13,054</b>	<b>14,718</b>	<b>16,214</b>	<b>16,214</b>	<b>16,214</b>	<b>16,214</b>	<b>16,214</b>	<b>16,214</b>

Source: Hunden Partners

### Net New Day Trips to Eau Claire

Conventions and Trade Shows	285	323	361	390	428	428	428	428	428	428
Consumer Shows	5,400	7,200	9,000	9,900	10,800	10,800	10,800	10,800	10,800	10,800
Sports/Entertainment Events	1,600	2,000	2,400	2,800	3,200	3,200	3,200	3,200	3,200	3,200
Corporate Events and Conferences	370	495	620	746	865	865	865	865	865	865
Banquets & Meetings	880	1,170	1,315	1,465	1,535	1,535	1,535	1,535	1,535	1,535
Meeting Room Events	3,250	3,800	4,350	4,900	5,425	5,425	5,425	5,425	5,425	5,425
<b>Total</b>	<b>11,785</b>	<b>14,988</b>	<b>18,046</b>	<b>20,200</b>	<b>22,252</b>	<b>22,252</b>	<b>22,252</b>	<b>22,252</b>	<b>22,252</b>	<b>22,252</b>

Source: Hunden Partners

## Demand and Financial Projections – Hotel

The adjacent table shows the projected performance of the recommended 200-room hotel. A full-service hotel with the necessary amenities to complement a convention center development is projected to cost approximately \$36 million.

The property is projected to generate a total of \$6.9 million in gross revenue in Year 1, increasing to \$10.6 million in the fifth year. Approximately \$1.3 million would be available to satisfy debt/equity requirements in the first year, increasing to nearly \$2.5 million in Year 5.

Projection of Income & Expense (in \$000, inflated) - 200 Rooms										
	Year 1				Year 2	Year 3	Year 4	Year 5		Year 10
Room Count	200				200	200	200	200		200
Available Room Nights	73,000				73,000	73,000	73,000	73,000		73,000
Occupancy Rates	51%				62%	70%	73%	74%		74%
Occupied Room Nights	37,573				45,077	51,313	53,259	53,883		53,883
Average Daily Rate	\$132				\$133	\$134	\$137	\$140		\$156
RevPAR	\$68				\$82	\$94	\$100	\$104		\$115
Percent of Change from Prior Year	--				20.7%	15.1%	6.2%	3.3%		2.2%
	\$	%	PAR	POR	\$	\$	\$	\$	%	
<b>REVENUE</b>										
Rooms	\$4,959	72.0%	\$24,793	\$132	\$5,984	\$6,891	\$7,317	\$7,558	71.4%	\$8,427
Hotel Food and Beverage	1,653	24.0%	\$8,264	\$44	2,000	2,310	2,459	2,541	24.0%	2,833
Other Operated Departments	207	3.0%	\$1,033	\$5	250	289	307	318	3.0%	354
Miscellaneous Income	110	1.6%	\$551	\$3	133	154	164	169	1.6%	257
Total Revenue	\$6,887	100.0%	\$34,435	\$183	\$8,335	\$9,624	\$10,247	\$10,585	100.0%	\$11,870
<b>DEPARTMENTAL EXPENSES</b>										
Rooms	\$1,334	26.9%	\$6,669	\$36	\$1,490	\$1,654	\$1,756	\$1,814	24.0%	\$2,022
Hotel Food and Beverage	1,157	70.0%	\$5,785	\$31	1,380	1,594	1,672	1,728	68.0%	1,926
Other Operated Departments	122	59.0%	\$610	\$3	145	167	178	184	58.0%	205
Rent and Other Income	12	11.0%	\$61	\$0	13	15	16	8	5.0%	13
Total Departmental Expenses	\$2,625	38.1%	\$13,125	\$70	\$3,029	\$3,430	\$3,623	\$3,734	35.3%	\$4,167
<b>Gross Operating Income</b>	\$4,262	61.9%	\$21,311	\$113	\$5,306	\$6,194	\$6,624	\$6,851	64.7%	\$7,704
<b>UNDISTRIBUTED OPERATING EXPENSES</b>										
Administrative and General	\$640	9.3%	\$3,202	\$17	\$733	\$799	\$840	\$868	8.2%	\$973
Marketing	\$530	7.7%	\$2,652	\$14	\$600	\$664	\$697	\$720	6.8%	\$807
Utility Costs	\$358	5.2%	\$1,791	\$10	\$392	\$423	\$451	\$466	4.4%	\$522
Property Operations and Maintenance	\$372	5.4%	\$1,860	\$10	\$408	\$443	\$471	\$487	4.6%	\$546
Total Undistributed Expenses	\$1,901	27.6%	\$9,504	\$51	\$2,134	\$2,329	\$2,459	\$2,541	24.0%	\$2,849
<b>Gross Operating Profit</b>	\$2,361	34.3%	\$11,806	\$63	\$3,172	\$3,865	\$4,165	\$4,311	40.7%	\$4,855
<b>Franchise Fees</b>	\$413	6.0%	\$2,066	\$11	\$500	\$577	\$615	\$635	6.0%	\$712
<b>FIXED EXPENSES</b>										
Property Taxes	\$299	4.3%	\$1,496	\$8	399	420	428	437	4.1%	482
Insurance	83	1.2%	\$413	\$2	92	96	102	106	1.0%	119
Management Fee	207	3.0%	\$1,033	\$5	250	289	307	318	3.0%	356
Reserve for Replacement	\$69	1.0%	\$344	\$2	\$125	\$192	\$307	\$318	3.0%	\$356
Total Fixed Expenses	\$657	9.5%	\$3,287	\$17	\$866	\$997	\$1,146	\$1,178	11.1%	\$1,313
<b>Cash Flow from Operations</b>	\$1,291	18.7%	\$6,453	\$34	\$1,807	\$2,290	\$2,404	\$2,498	23.6%	\$2,829

Source: Hunden Strategic Partners



## Impact – Convention Center and Hotel

The table to the right shows a summary of estimated combined 10-year impacts for the recommended convention center and hotel.

The net new spending for the Project totals \$199 million over the 10-year period, \$72 million in new earnings, more than 321 new full-time equivalent jobs, and more than \$5 million in new taxes collected from the ongoing spending over 10 years. The construction impact will be more than \$100 million on materials and labor, most of which will accrue to the Eau Claire economy and local workers. The nearly 946 job-years will be a temporary boon for the local economy.

Summary of 10-Year Impacts	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$115
Indirect	\$38
Induced	\$45
<b>Total</b>	<b>\$199</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$36
From Indirect	\$13
From Induced	\$14
<b>Total</b>	<b>\$62</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	186
From Indirect	62
From Induced	73
<b>Total</b>	<b>321</b>
<b>Taxes Collected</b>	<b>(millions)</b>
City Hotel Tax (8%)	\$5.1
<b>Total</b>	<b>\$5.1</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$59.0
New Labor Spending	\$51.2
<b>Job-Years, Actual</b>	<b>946</b>
Source: Hunden Strategic Partners	

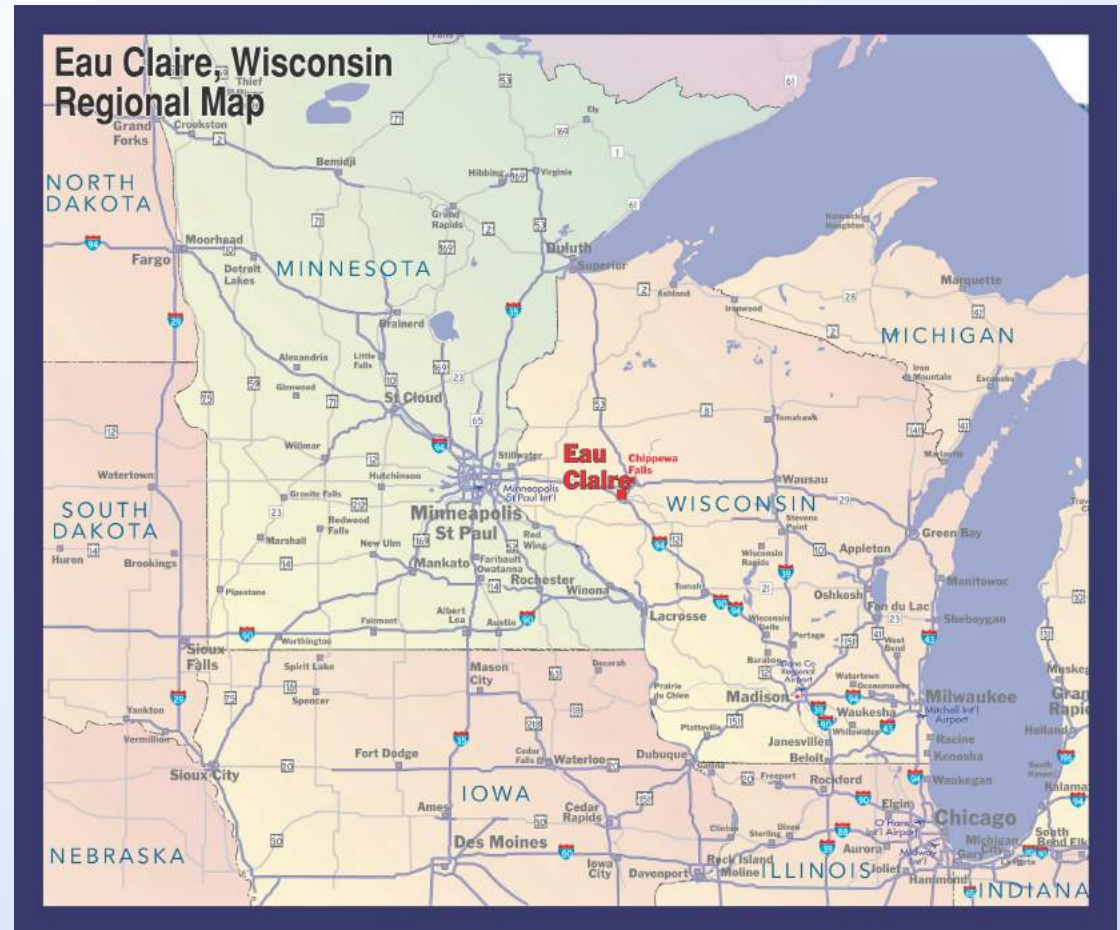
Chapter 1

Economic, Demographic, and Tourism Analysis

## Regional Access

Eau Claire sits at a regional crossroads in Wisconsin, with Interstate 94 being the dominant highway for trucking and business. Interstate 94 is a major east-west interstate highway that skirts the south side of the community. It connects to Chicago (300 miles to O'Hare airport) by way of Madison (170 miles) and Milwaukee (240 miles) to the southeast, and to the Twin Cities of Minneapolis and St. Paul, only about 85 miles to the west.

Eau Claire is also a major access point to the Northwoods forests and lakes recreation areas, which is a major attraction from late spring, through autumn and into winter, but especially during the summer lake cabin season for Midwesterners living in southern Wisconsin, Illinois, and Indiana.



## Regional Access

U.S. 53 is a four-lane expressway that was rebuilt as a limited-access freeway and moved slightly to the east in the Eau Claire urban area about a decade ago. The new highway opening significantly improved the speed of access to the northern vacation destinations and as a north-south artery through the city. Wisconsin highway 29 is a four-lane expressway that travels eastward out of Eau Claire and links to Wausau, Green Bay, and Door County, another major regional vacation destination. To a lesser extent, state highways 93 and U.S. 53 connect Eau Claire to the south and the city of La Crosse, with which Eau Claire shares a television market. Both highways 93 and US 53 are somewhat curvy two-lane highways that can be very dark and treacherous at night or in poor weather conditions, and are not very heavily traveled with respect to the other freeways in the area.

Within the city of Eau Claire, U.S. 12 is a four-lane bypass around the south and western edges of Eau Claire, and provides a front door to the University of Wisconsin-Eau Claire. Most of the city's hotels, restaurants, and businesses are strung along U.S. 12 and old highway 53., and both of these highway have, themselves. Been bypassed by newer freeways, due to the congestion and traffic signals. Along the northern edge of town, State highway 312 is a four-lane expressway that bypasses Eau Claire's downtown, connecting I-94 and U.S. 53. Although it is only about seven miles in length, it is a major connector highway in the area for east-west travelers.

Because of the short commute between Minneapolis-St. Paul and Eau Claire, locals typically use the MSP airport in Minneapolis for air-travel, as do other cities in the Twin Cities' orbit such as Duluth-Superior, Mankato, St. Cloud, and Rochester.

## Population

The adjacent table summarizes population trends within the City of Eau Claire, Eau Claire County, MSA, and state of Wisconsin over the last 26 years. While growing at a modest rate, Eau Claire is growing at a faster rate than state, MSA, and county populations. Currently, Eau Claire is the eighth largest city in state of Wisconsin, though it is within 10,000 citizens of being in the top five.

Population and Growth Rates					
	Population				Percent Change
	1990	2000	2010	2016 Estimate	2010-2016
United States	248,709,873	281,421,906	308,745,538	323,127,513	4.7%
Wisconsin	4,891,769	5,363,675	5,686,986	5,778,708	1.6%
Eau Claire-Menomonie MSA	137,543	148,337	161,151	166,614	3.4%
Chippewa County	52,360	55,195	62,415	63,649	2.0%
Eau Claire County	85,183	93,142	98,736	98,885	0.2%
<b>City of Eau Claire</b>	<b>56,856</b>	<b>61,704</b>	<b>65,883</b>	<b>68,339</b>	<b>3.7%</b>
<i>City Pop. As % of Metro Area</i>	41.3%	41.6%	40.9%	41.0%	--

Source: U.S. Census Bureau, Hunden Strategic Partners



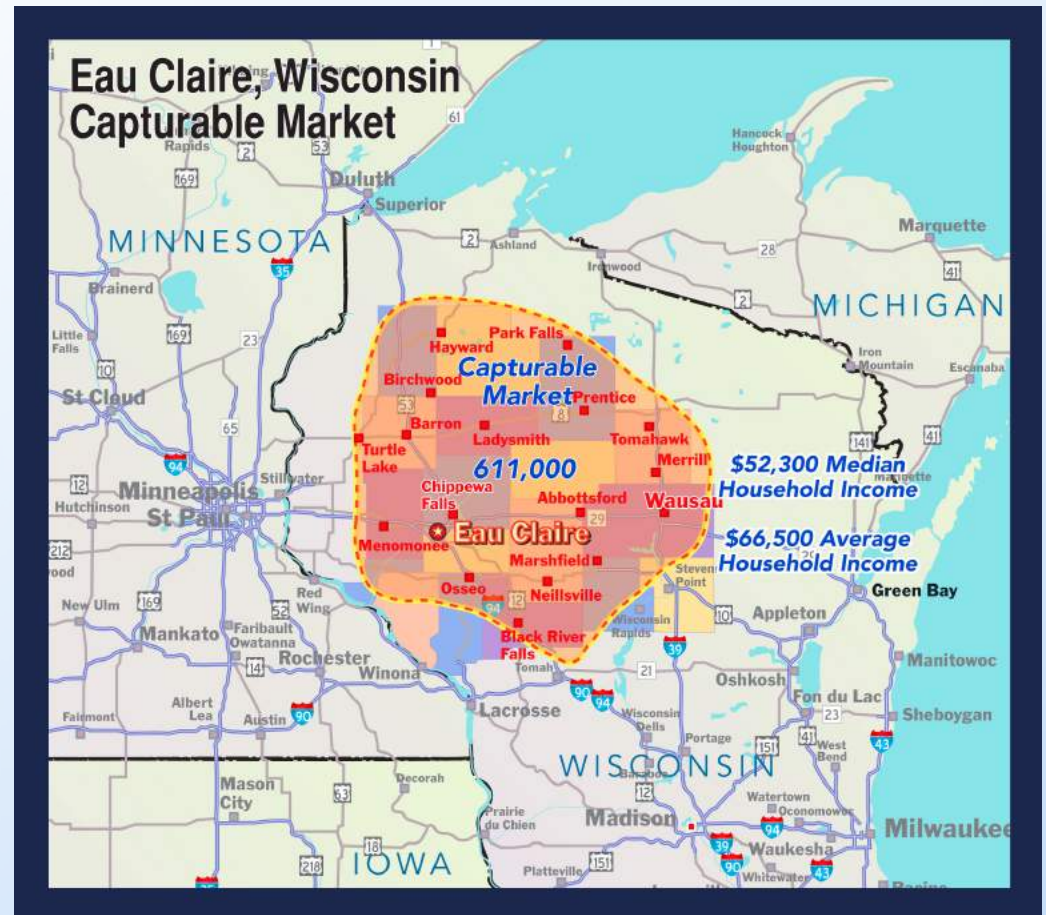
## Population

The adjacent figure shows the population within a one, two, and three hour drive-time of downtown Eau Claire. As shown, the population within a one hour drive, considered the primary market area for future entertainment and events, is 317,555. The population within a two-hour drive increases to 4.2 million, due to the Twin Cities. Within a three hour drive, the population reaches 6.7 million, which includes cities such as Duluth, St. Cloud, Mankato, and Madison.



## Population

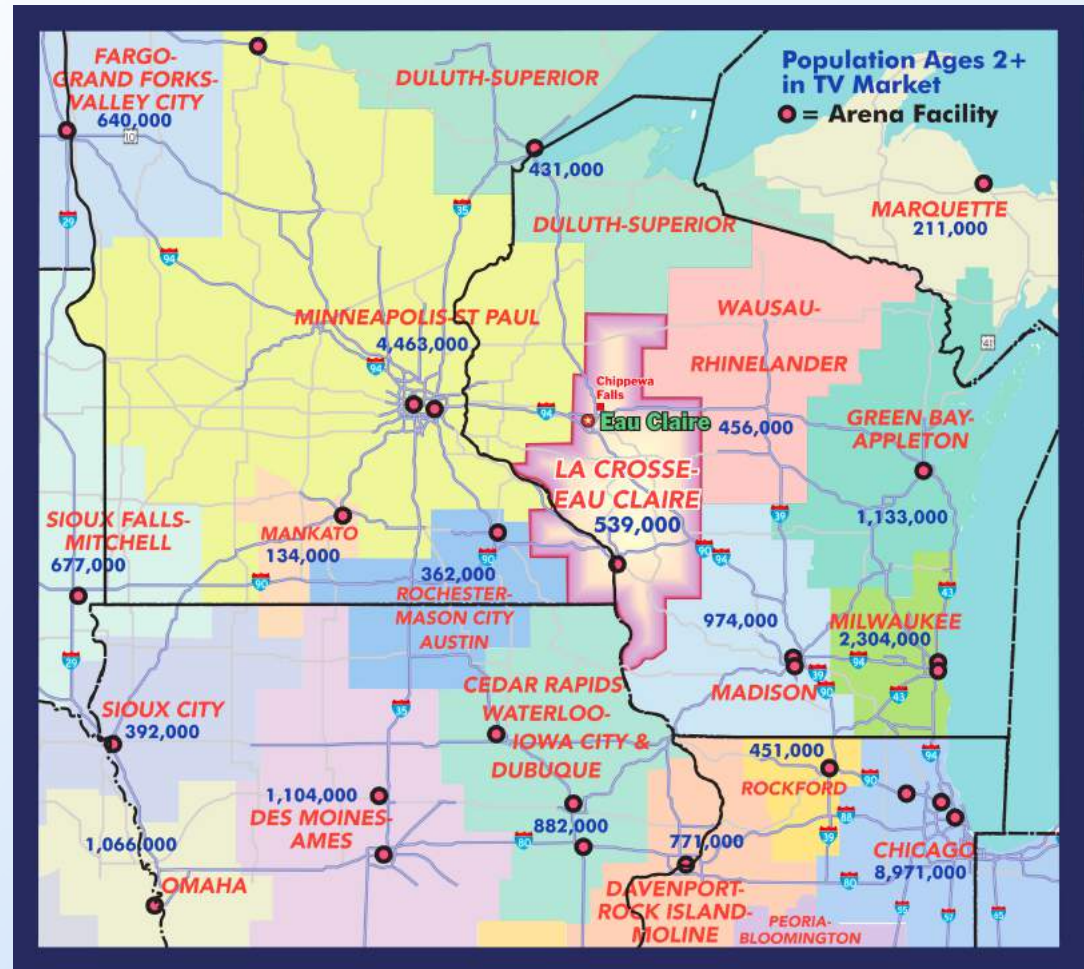
Based on Eau Claire's location within the region, the surrounding markets, and its proximity to major metropolitan hubs, HSP attempted to determine the capturable market of visitors for future concerts, family shows, and other entertainment events. The figure to the right shows the population and income levels of the capturable market. This area includes more than 600,000 people.





## TV Markets

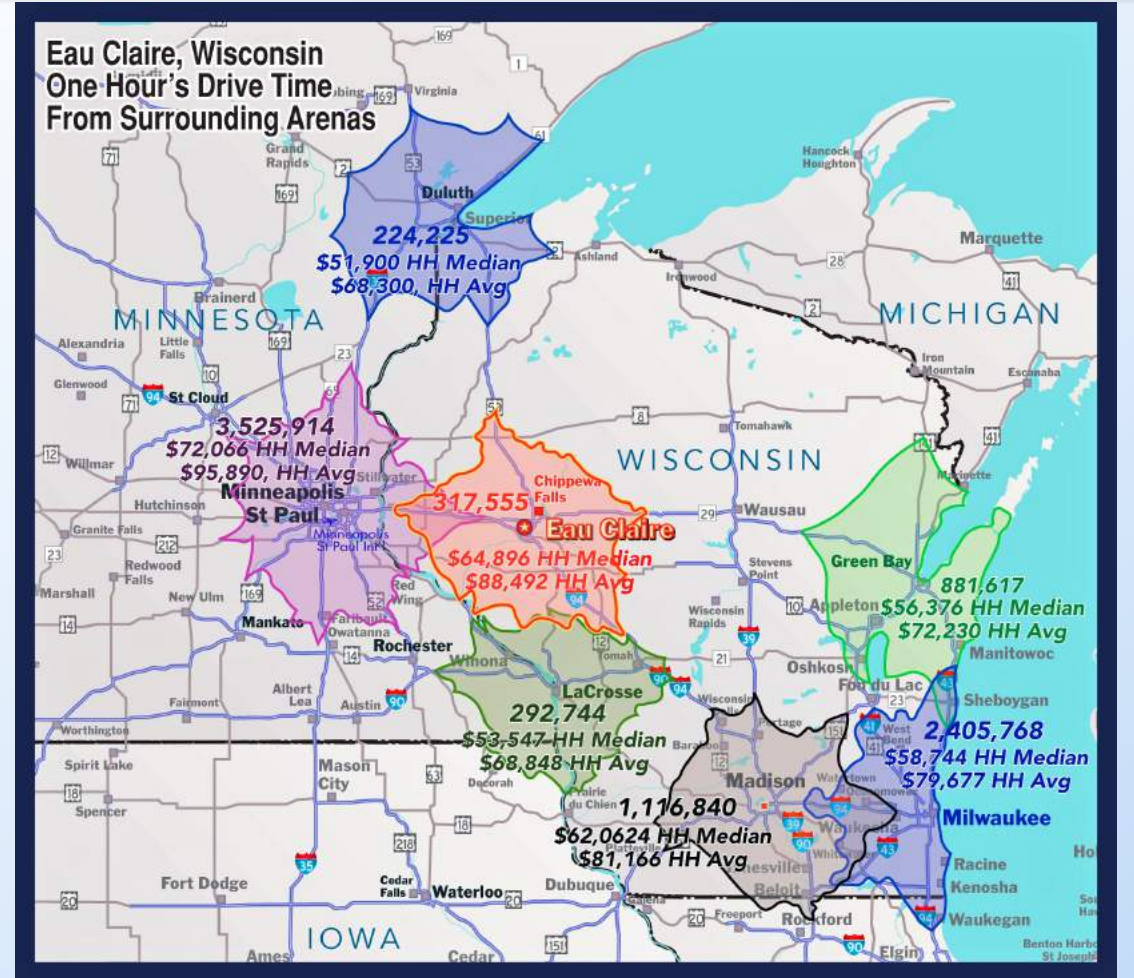
When considering potential venues and markets for concerts and events, concert promoters prefer a robust TV market for advertising purposes. While Eau Claire is distant enough from the Twin Cities to be outside of its TV market, Eau Claire does share a market with La Crosse, another secondary city with a mid-sized event venue. Conversations with local representatives indicated that the Eau Claire comprises one-third of the news, while La Crosse comprises the other two-thirds. This is not a deal breaker, but a shared TV market with La Crosse could present hesitation by promoters.



## Market Comparison

Promoters also analyze population and income levels within the relevant capturable market when considering multiple markets for a single event. The adjacent figure compares Eau Claire's relevant market with those of the primary competitors within the region. As shown, the market demographics of Eau Claire are more favorable than Duluth and La Crosse, two mid-market cities that Eau Claire will compete against for events.

Not only is the population base greater, but the average and median household income is much higher in the one-hour drive time from Eau Claire.



## Education and Income

The adjacent tables show general economic and demographic trends of the market. Eau Claire is a highly educated community, with a greater percentage of bachelor and graduate degrees than the county, state, and country.

Overall, income levels in Eau Claire are relatively consistent with the county and state averages. Income levels translate to disposable income, which is a key factor for promoters looking at potential venues/destinations.

### Educational Attainment

Age 25+ Population	United States	Wisconsin	Chippewa County	Eau Claire County	Eau Claire
Did not complete high school	13.3%	8.9%	8.3%	6.8%	5.8%
Completed high school	27.8%	32.0%	38.5%	26.9%	25.9%
Some college	21.1%	21.1%	20.3%	22.6%	23.3%
Associates Degree	8.1%	10.1%	13.8%	12.6%	12.5%
Bachelors Degree	18.5%	18.4%	13.5%	19.9%	21.1%
Graduate Degree	11.2%	9.4%	5.7%	11.2%	11.3%

Source: US Census Bureau, Hunden Strategic Partners

### Income, Spending and Other Demographic Data

Category	United States	Wisconsin	Chippewa County	Eau Claire County	Eau Claire
Homeownership rate, 2011-2015	63.9%	67.3%	72.5%	61.9%	53.0%
Median value of owner-occupied housing units, 2011-2015	\$178,600	\$165,800	\$148,500	\$152,000	\$139,900
Persons per household, 2011-2015	2.64	2.43	2.44	2.43	2.33
Median household income, 2011-2015	\$53,889	\$53,357	\$52,109	\$49,513	\$43,541
Persons in poverty, percent	12.7%	11.8%	10.8%	13.6%	18.7%
Total employment, 2015	124,085,947	2,503,532	21,679	51,174	---
Total employment, percent change, 2014-2015	2.5%	2.2%	0.9%	2.5%	---
Retail sales per capita, 2012	\$13,443	\$13,656	\$16,924	\$16,477	\$21,198

Source: US Census Bureau



## Colleges and Universities

The adjacent figure summarizes the university presence within 25 miles of Eau Claire. University towns are typically attractive to concert promoters, and a significant student presence can be a differentiating factor when considering venues. As shown, there is a strong concentration of students located within a mile of the proposed development site. The University of Wisconsin Eau Claire, the primary local institution and a partner in the Sonnentag development, is a public liberal arts university that offers bachelor's and master's degrees over its 333-acre campus. The University is affiliated with the NCAA's Division III and the Western Intercollegiate Athletic Conference.

Colleges & Universities				
Institution	Location	Distance from Eau Claire (miles)	Highest Degree Offered	Enrollment
Chippewa Valley Technical College	Eau Claire	0.0	Associates	6,584
University of Wisconsin-Eau Claire	Eau Claire	0.0	Doctorate	10,747
University of Wisconsin-Stout	Menomonie	22.3	Doctorate	9,633
Total Enrollment				26,964

Source: National Center for Education Statistics, HSP

## Top Employers

The adjacent table summarizes the area's top employers by industry and number of employees. A market's major employers play a critical role in demand for convention and event space, as well as hotel rooms.

A local corporate event survey prepared by HSP was distributed to more than 50 local employers through the Eau Claire Chamber of Commerce. The results of that survey are shown later in this report.

### Area Top Employers

Company	Industry	Employees
Menard, Inc.	Home Center	4,500+
Mayo Clinic Health System	Healthcare	3,500+
Eau Claire Area School District	Education	1,000+
HSHS Sacred Heart Hospital	Healthcare	1,000+
University of Wisconsin- Eau Claire	Education	1,000+
Marshfield Clinic	Healthcare	600+
City of Eau Claire	Government	500+
Eau Claire County	Government	500+
Nestle USA, Inc.	Food products supplier	500+
Royal Credit Union	Finance	500+
United Healthcare/Medicare & Retirement	Healthcare	500+
Walmart	Retail	500+
Xcel Energy	Utility	500+

Source: Eau Claire Chamber of Commerce

## Chapter 2

# Event Center Trends; Local and Regional Market Analysis

## Trends

The nationwide trend to build new sports and entertainment facilities in recent years has impacted markets both large and small. A majority of metropolitan areas with major professional sports franchises have elected to develop new arenas in the last 10 to 15 years, and even smaller markets with collegiate or minor-league sports teams have done the same.

In addition to hosting sporting events, arena venues are typically also multi-purpose facilities that can accommodate events such as concerts, family shows, and other community-oriented events requiring unobstructed flat floor space. The advent of amenities such as luxury suites, club seating, and private restaurant areas have created new and potentially lucrative revenue streams for facility owners although these are not always present in facilities – especially if there is no anchor sports tenant. Additionally, naming rights and expanded sponsorship programs have also significantly increased opportunity for facility-based revenues.

In order for a facility to generate significant revenue streams, it can sometimes be helpful to have one or more full-time tenants, such as a college or a professional sports franchise. A men's or women's collegiate basketball program will generally play approximately 15 to 20 home games per season, and a volleyball program can add another 10 to 15 home matches. Additionally, revenues generated from premium seating, luxury suites, naming rights, and other sponsorships are heavily dependent on the existence of one or more sports tenant(s). Sporting events provide customers and advertising partners with regular access to a venue and an annual schedule of repeating and relatively high-profile events. Such events are often an opportunity for entertaining clients and friends, rewarding employees, and maintaining a strong local presence within the community.

## Trends

Due to the availability of these new revenue streams, facilities can now be partially financed through project-based revenues such as naming rights and long-term commitments for premium seating and/or sponsorships, rather than strictly through general obligation bonds, municipal property tax revenues, outside sources of university revenues, or debt. However, these revenues are often not sufficient to entirely finance and operate a project such as an arena. As a result, arena developments typically still involve other forms of private investment or contributions and/or public assistance, such as land contributions, dedicated tax revenues or fees, property tax abatements, individual and corporate philanthropy, or others.

The adjacent table outlines the top performing arenas in North America by the number of 2016 concert tickets sold. Concert ticket sales at Madison Square Garden topped one million in 2016 with the Barclays Center finishing second at more than 757,000 tickets sold. It is important to note that four arenas in the above list are located in markets that are in close proximity to Eau Claire; these venues are bolded and include the Allstate Arena, United Center, Xcel Center, and Target Center.

Top North American Arenas by Number of Concert Tickets Sold - 2016

Arena	Location	2016 Ticket Sales
Madison Square Garden	New York, NY	1,053,675
Barclays Center	Brooklyn, NY	757,141
Air Canada Centre	Toronto, Canada	702,516
The Forum	Inglewood, CA	701,601
American Airlines Arena	Miami, FL	627,026
Bridgestone Arena	Nashville, TN	591,954
Oracle Arena	Oakland, CA	577,090
Staples Center	Los Angeles, CA	574,048
Prudential Center	Newark, NJ	515,143
Verizon Center	Washington, DC	509,473
<b>Allstate Arena</b>	<b>Rosemont, IL</b>	<b>494,843</b>
SAP Center	San Jose, CA	481,497
Sprint Center	Kansas City, MO	480,323
Philips Arena	Atlanta, GA	452,555
Wells Fargo Center	Philadelphia, PA	418,885
American Airlines Center	Dallas, TX	396,187
<b>United Center</b>	<b>Chicago, IL</b>	<b>382,912</b>
Mohegan Sun Arena	Uncasville, CT	375,631
Talking Stick Resort Arena	Phoenix AZ	374,070
Pepsi Center	Denver, CO	371,899
Amalie Arena	Tampa, FL	371,203
BB&T Center	Sunrise, FL	364,598
PPG Paints Arena	Pittsburgh, PA	353,797
T-Mobile Arena	Las Vegas, NV	352,580
BOK Center	Tulsa, OK	331,020
Toyota Center	Houston, TX	320,672
The Palace of Auburn Hills	Auburn Hills, MI	313,486
<b>Xcel Energy Center</b>	<b>Saint Paul, MN</b>	<b>307,982</b>
<b>Target Center</b>	<b>Minneapolis, MN</b>	<b>298,088</b>
KeyArena at Seattle Center	Seattle, WA	296,756
KFC Yum! Center	Louisville, KY	284,696
Bankers Life Fieldhouse	Indianapolis, IN	280,697
TD Garden	Boston, MA	269,654

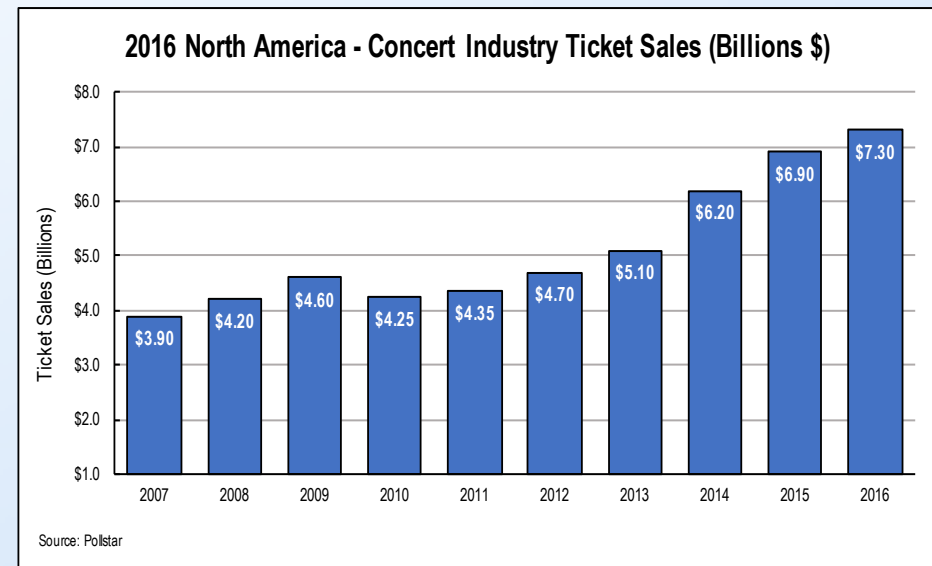
Source: Pollstar



## Trends

Concerts are often a major source of revenue for arenas, which are generally designed and operated as multi-purpose music and sports venues. Recently, artists have relied heavily on touring to generate revenue formerly accounted for by record sales. Although artists generally receive a majority of revenue generated by ticket sales, arena venues often make money from ancillary revenues such as food & beverage and parking during events.

The adjacent figure shows a chart depicting the total annual revenue generated from North American concert ticket sales over a ten-year period between 2007 and 2016. Concert revenue generated by ticket sales in North America reached an industry high in 2016, parking at \$7.3 billion, up more than five percent over 2015 when \$6.9 billion in tickets were sold. Overall, ticket sales have steadily increased since 2010. Concert ticket sales have increased by more than 87 percent between 2007 and 2016, increasing from approximately \$3.9 billion to approximately \$7.3 billion.



## Trends

### **Secondary and Tertiary Markets for Concerts**

Secondary and tertiary markets have demonstrated that they can sustain a concert business. Recent years have been excellent for secondary markets, with top acts such as Cher, the Eagles, and many others playing a number of venues in smaller markets. Many acts are finding that they do not reach all their fans by only playing major markets. While smaller market areas typically have smaller facilities and are less likely to support high ticket prices, tour managers like to add smaller-market dates to touring schedules if they offer a stopover between larger markets and an opportunity to expand a fan base. Instead of the road crew spending the night halfway between two major cities, they can generate revenue on a stopover with a smaller arena show. In addition, the trend to tour more, as well as the construction of new small facilities across the country, has also helped to attract concerts to smaller markets.

### **Family Shows**

Family shows generally are not as great of a revenue producer for facilities as top concerts, but they have shown notable growth in the past few years. Family show tickets typically cost less than concert tickets in order to entice families to attend. Yet what family shows may lack in revenue, they more than make up for in reliable year-round bookings, as the touring schedules are more consistent than those of concert events. Further, family shows will often agree to long-term booking arrangements with a facility and commonly hold several performances over consecutive days. Additionally, family shows heavily rely on the sale of merchandise affiliated with the performance to generate revenue. However, like the concert industry, most of the larger family shows are controlled by a small group of companies.

## Sonnentag Event and Recreation Complex

Located on Menomonie Street along the Chippewa River, the Sonnentag Event and Recreation Complex is a proposed event center and recreation and wellness development in Eau Claire. The project, a partnership between UW – Eau Claire, Mayo Health Systems, and the YMCA, is proposed to feature a 130,000-square foot event center with a total capacity of 4,500 to 5,000 and a 150,000-square foot recreation, aquatics, and wellness facility.

The 4,500-capacity event center is designed to accommodate the baseline demand generated by UWEC athletics events, graduations, lectures, presentations, and other university programs. In this report, HSP analyzes the market opportunity for a new Eau Claire event center to accommodate concerts and family shows, and projects whether or not there is an incremental benefit to increasing the size of the venue.

The \$90 million project is expected to begin construction in 2019.





## Local Supply - Zorn Arena

HSP analyzed the existing local supply of entertainment venues in Eau Claire. Zorn Arena, which was opened in 1952, is the largest and most relevant multipurpose venue in the market. Located on the University of Wisconsin-Eau Claire campus, Zorn arena is home to the University men's and women's basketball teams, and can hold up to 2,500 spectators for games. The arena has a maximum capacity of 3,300 when utilizing the floor for events such as graduation, concerts, speakers, and other assemblies.

The age and condition of Zorn arena, including its limited capacity and rigging abilities, lack of adequate concourse and concessions, and premium seating, is one of the primary drivers behind the support of a new event center in Eau Claire. Any new development would be the future home to men's and women's basketball games, as well as other University events.



## Local Supply - Zorn Arena

The adjacent tables summarize the historic event and attendance data for Zorn Arena over the last two years. Events at Zorn Arena are broken down into several categories, including men's and women's basketball, other athletic events, and setup/rehearsal periods. There were more than 20 school programmed events and more than 10 concerts during the two-year period. As demonstrated, nearly all Zorn Arena events throughout the two-year period were UWEC-related.

Conversations with facility representatives indicated that the capacity and rigging issues of the facility, along with the lack of traditional amenities, significantly hinder Zorn Arena's ability to pursue many concerts and other entertainment acts. The existing ticketed events are fairly small.

**Total Events at Zorn Arena**

Type	Events (2015-16)	Events (2016-17)
Athletics	8	25
Setup/Rehearsal	10	19
Program	13	9
Women's Basketball	10	12
Men's Basketball	3	12
Concert/Performance	5	7
Other	4	6
Meeting/Conference	2	2
<b>Total</b>	<b>55</b>	<b>92</b>

Source: University of Wisconsin-Eau Claire

**Total Attendance at Zorn Arena**

Type	Attendance (2015-16)	Attendance (2016-17)
Program	43,500	15,125
Concert/Performance	13,250	21,550
Athletics	13,500	15,450
Women's Basketball	12,000	13,200
Men's Basketball	3,600	13,200
Meeting/Conference	6,150	4,150
Other	n/a	n/a
<b>Total</b>	<b>92,000</b>	<b>82,675</b>

Source: University of Wisconsin-Eau Claire



## Local Music Festivals

While Eau Claire does not currently offer a major indoor venue capable of accommodating major touring acts, the area has established itself as a regional destination for outdoor music festivals. Country Fest and Rock Fest, two major annual events, are held at the amphitheater grounds in Cadott, approximately 26 miles northeast of Downtown Eau Claire. Country Jam USA and Eaux Claires, two other major festivals, are held on festival grounds three miles outside of downtown Eau Claire. As shown, several of the major outdoor festivals in Eau Claire attract A-list artists and tens of thousands of spectators over the course of several days. While the success of major outdoor music events enhances the reputation of Eau Claire as a potential destination for concerts, it may limit the availability and dates for potential artists.

Eau Claire Music Festivals						
Event	Location	Length of Festival (Days)	Date	Avg. Daily Attendance	Avg. Total Attendance	Major Performers
Country Fest	Festival Grounds, Cadott	3	June 21-23	20,000	60,000	Tim McGraw, Keith Urban, Toby Keith
Rock Fest	Festival Grounds, Cadott	3	July 13-15	20,000	60,000	Shinedown, Judas Priest, Avenged Sevenfold
Country Jam	Foster Farm, Eau Claire	3	July 20-22	19,680	59,040	Blake Shelton, Eric Church, Lady Antebellum
Blue Ox	Whispering Pines, Eau Claire	3	June 11-13	3,500	10,500	Yonder Mountain String Band, Pert Near Sandstone, Del McCoury
Eaux Claires	Foster Farm, Eau Claire	2	July 17-18	21,250	42,500	Bon Iver, The National, Spoon

Source: Volumeone.org, Hunden Strategic Partners

## Confluence Arts Center

The Confluence Arts Center is scheduled to open in the Fall of 2018. The center will be located in downtown Eau Claire and will feature a 1,200-seat theater and a 400-seat theater. The center will also feature dance and community rooms, a visual arts studio, and galleries and labs for sound and lighting. It will be owned and operated by Eau Claire Confluence Arts Inc., a non profit organization. In addition to hosting a variety of local learning, training, and creative opportunities, the Center will allow the market to attract additional theater-style events to Eau Claire. While the Confluence Arts Center will not directly impact the market opportunity for a new events center, a new, high-quality venue in the market will only enhance Eau Claire's attractiveness as a destination for music and entertainment.



## Competitive Event Center Markets

The adjacent table summarizes the competitive arena supply in the region. The region offers a collection of major metropolitan destinations, including the Target Center, Excel Energy Center, and the future Wisconsin Entertainment and Sports Center in Milwaukee. These markets, due to their size and facility capacities, will not directly compete with Eau Claire to attract events. As a secondary market, Eau Claire will compete venues in Madison (Veteran's Memorial Coliseum), Green Bay (Resch Center), Rochester (Mayo Civic Center), and La Crosse (La Crosse Center) for the one to two additional events that an act will play on its touring route. These competitive venues range in capacity from 7,200 to more than 10,000.

Venue	Location	Type	Opened	Main Tenant(s)	Distance from Eau Claire (mi)	Basketball / Hockey Capacity	Concert Capacity
BMO Harris Bradley Center*	Milwaukee, WI	Arena	1988	Milwaukee Bucks, Marquette Basketball	245	18,717	20,000
Target Center	Minneapolis, MN	Arena	1990	Minnesota Timberwolves & Lynx	95	18,798	19,500
Excel Energy Center	St. Paul, MN	Arena	2000	Minnesota Wild	85	17,954	18,500
Wisconsin Entertainment & Sports Center*	Milwaukee, WI	Arena	2018	Milwaukee Bucks, Marquette Basketball	245	n/a	17,500
Kohl Center	Madison, WI	Arena	1998	University of Wisconsin	180	17,230	17,287
UW-Milwaukee Panther Arena	Milwaukee, WI	Arena	1950	UW-Milwaukee	260	10,783	12,700
Resch Center	Green Bay, WI	Arena	2002	UW-Green Bay, Green Bay Gamblers	190	9,729	10,500
Veterans Memorial Coliseum	Madison, WI	Arena	1967	n/a	180	10,231	10,231
Amsoil Arena	Duluth, MN	Arena	2010	University of Minnesota-Duluth	160	6,726	8,500
Verizon Center	Mankato, MN	Arena	1995	Minnesota State University	170	5,280	8,200
La Crosse Center Arena	La Crosse, WI	Arena	1980	n/a	85	7,500	8,000
Mayo Civic Center	Rochester, MN	Arena & Auditorium	1938	n/a	90	7,200	7,200
Brown Co. Veterans Memorial Arena	Ashwaubenon, WI	Arena	1958	n/a	190	5,248	6,820
The Roy Wilkins Auditorium	St. Paul, MN	Auditorium	1932	n/a	85	n/a	5,849
Sanford Center	Bemidji, MN	Arena	2010	Bemidji State University	310	4,700	4,700
Menominee Nation Arena	Oshkosh, WI	Arena	2017	Wisconsin Herd	185	3,500	3,500
<b>Average</b>			<b>1985</b>		<b>172</b>	<b>10,257</b>	<b>11,187</b>

\*The Bradley Center will be replaced by the Wisconsin Sports & Entertainment Center in 2018  
Source: Various Facilities

## Competitive Map

The adjacent map shows competitive regional events centers in relation to Eau Claire. Conversation with major promoters indicated that event routing typically begins in Chicago before heading to Milwaukee and the Twin Cities. As previously mentioned, many events will play two or three smaller markets in the region. While Eau Claire's proximity to the Twin Cities is not ideal, it will not be a deal-breaker for hosting concerts, according to promoters.





## Market Comparison

The table below compares Eau Claire's 60-minute drive time population and household income to the primary competitive event center market. It is important to note that these numbers may differ from the city-specific statistics because the data includes all households within a 60-minute drive.

	Demographic and Income Profiles (2017)						
	Eau Claire, WI	Madison, WI	Green Bay, WI	Milwaukee, WI	LaCrosse, WI	Duluth, MN	Minneapolis, MN
<b>60-min population</b>	<b>317,555</b>	1,116,840	881,617	2,405,768	292,744	224,225	3,525,914
<b>Median Household Income</b>	<b>\$64,896</b>	\$62,052	\$56,376	\$58,744	\$53,547	\$51,900	\$72,066
<b>HI Rank</b>	<b>2</b>	3	5	4	6	7	1

Source: ESRI

As shown, the Eau Claire market features the second highest median household income of all primary regional competitive markets, trailing only Minneapolis. While this potential spending power is attractive to concert promoters, Eau Claire's population base for concerts and events exceeds only La Crosse and Duluth in the region.

## Alliant Energy Center – Veterans Memorial Coliseum

Located in Madison, WI, the Veteran's Memorial Coliseum opened 1967. Home to the Madison Capitols of the USHL, the arena features a maximum capacity of 10,231. In addition to hockey, the Coliseum hosts concerts, family shows, graduation, tradeshow, and rodeos. The number of of annual concerts at the venue over the last five year is shown below:

- 2012 - 14
- 2013 - 4
- 2014 - 5
- 2015 - 4
- 2016 – 7

Due to the facility's age, condition, loading capabilities, and rigging challenges, the Coliseum, which has historically been a staple in the Madison Market, is no longer a destination for touring acts. Because the Kohl Center, home to University of Wisconsin Athletics, does not host concerts, Madison does not currently offer a high-quality event center. A recent HSP study recommended a renovation to the venue, but there are no confirmed plans for the project.

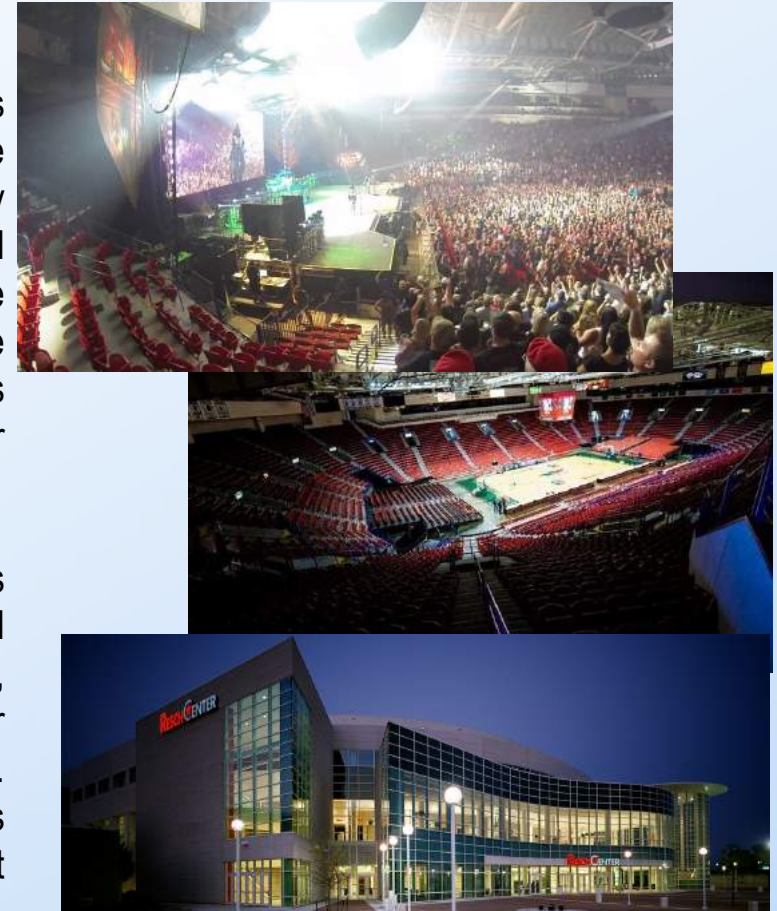




## Resch Center

The Resch Center opened in 2002 and seats 10,200 people. Seating at this venue is situated in a single concourse level and the venue is home of the University of Wisconsin-Green Bay men's basketball team, the Green Bay Gamblers junior ice hockey team, and the Green Bay Blizzards Indoor football team. The Resch Center is located across the street from Lambeau Field, home of the NFL's Green Bay Packers, in suburban Ashwaubenon. Concerts at the Resch Center typically hold 7,500 spectators, although a curtain system creates more intimate settings for crowds of 3,000-5,500. This is the premier venue for large indoor concerts in the Green Bay – Appleton television market.

According to conversations with facility representatives, the facility hosts approximately 95 to 100 events and 110 event days per year, with annual attendance around 400,000. In 2016, the Resch Center hosted 16 concerts, ranging in size from 7,000 to 10,000. Other events at the complex included four road shows, one ice show, 36 hockey games, and 14 basketball games. Representatives of the Resch Center indicated that their biggest challenge was that their concourses were too small. Facility management also indicated that they would also add 2,000 more seats.



## Mayo Civic Center

The Mayo Civic Center is located in Rochester, MN. The original building opened in 1938, but has undergone a series of renovations, most recently completed in 2017. The entire complex features a convention center and attached 7,200-seat arena. The arena hosts a variety of regional high school sports including basketball, wrestling and volleyball. Additionally, multiple trade shows and consumer occupy the arena floor every year. Concerts make up about 15 percent of the events at the arena. The adjacent table shows a breakdown of the financials for 2016.

### Mayo Civic Center Financials (2016)

#### Revenues

Local Lodging Tax	\$1,540,000
Event Operations	\$894,000
Space Rental	\$877,000
Food & Beverage	\$696,000
Box Office	\$141,000
Other	\$70,000

<b>Total Revenues</b>	<b>\$4,218,000</b>
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#### Expenses

Facility Operations	\$1,780,000
Event Operations	\$828,000
Food & Beverage	\$620,000
Administration	\$462,000
Sales & Marketing	\$123,000
Box Office	\$162,000
Other	\$57,000

<b>Total Expenses</b>	<b>\$4,032,000</b>
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<b>Net Gain</b>	<b>\$186,000</b>
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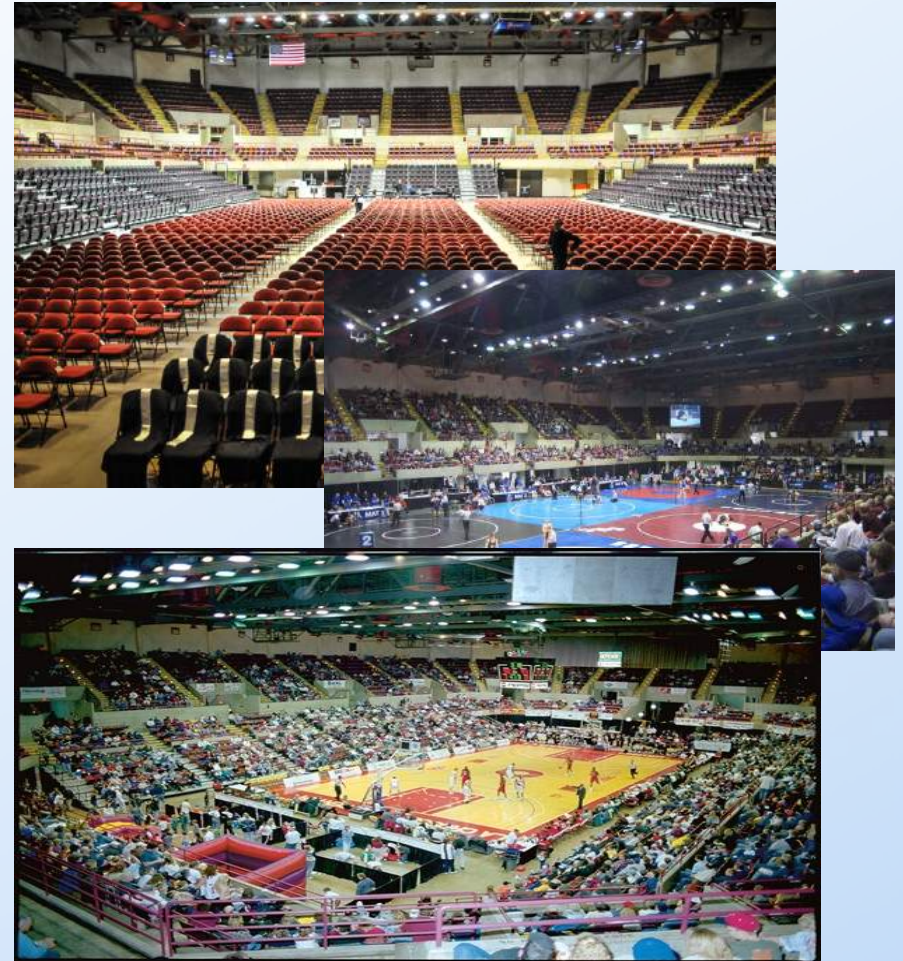
Source: Mayo Civic Center





## La Crosse Center

La Crosse Center Arena features 7,500 seats in a modern downtown building built in 1980. The facility is also an exhibition hall with the North Hall and the South Hall that altogether totals over 75,000 square feet of exhibit space when opened together with the arena floor space. The arena has been the home of several athletic teams including two indoor football teams and two Continental Basketball Association teams. Currently, it is the home to a women's roller derby team. Additionally, the arena continues to host high school athletic tournaments such as wrestling, concerts, and family shows. HSP's analysis indicates that the La Crosse Center hosted approximately six concerts and six family shows in 2017.



## Frank Production Feedback

Frank Productions is a full-service concert promotion company founded in 1965 currently producing more than 100 concerts annually alongside its affiliated companies. Frank Productions stated the following about Eau Claire's ability to attract concerts with a new event center.

- A capacity of 4,500 seats would limit any venue to two to four per year. A 6,000 to 6,500 capacity would allow Eau Claire to compete with other regional markets.
- Events are going to play Chicago, Milwaukee, and the Twin Cities, which means Eau Claire would compete with Madison, Green Bay, and La Crosse for one or two additional events. Acts would likely not play both the Twin Cities and Eau Claire.
- The market size and university presence are positive indicators for the Eau Claire market.
- Green Bay and La Crosse have been historically aggressive and successful with concerts and entertainment events. The La Crosse facility is aging, but is also located further from Twin Cities.
- Currently, the regional market is saturated with more venues than acts. However, If Eau Claire wants to compete, 6,500 seats will likely be needed.
- The presence of major music festivals in Eau Claire could present challenges due to a shortened booking window.
- It is hard to project events due to limited/no history in Eau Claire, but with a capacity of 6,500 and aggressive marketing, the facility could host 6 to 8 concerts per year (and only two or three with 4,500 capacity).

## Live Nation Feedback

Live Nation Entertainment is the largest concert promotion company in the world, selling more than 44.3 million tickets worldwide in 2016. Live Nation representatives indicated the following about the market opportunity for a venue in Eau Claire:

- Live Nation has had no history or consideration of the Eau Claire market. This makes it difficult to project events and attractiveness in the market.
- A 4,500-capacity arena is too small and would likely disqualify Eau Claire from consideration for concerts and other events. A capacity of 6,500 would allow Eau Claire to compete with Green Bay and La Crosse for concerts.
- There are already many second and third tier markets/venues in the region. Any new development will face stiff competition. A finite amount of acts has to choose between more than 40 venues in region.
- Major events are going to play Chicago and the Twin Cities. Distance from the Twin Cities will impact attractiveness of Eau Claire. Acts likely will not play Twin Cities and Eau Claire
- Country and classic rock are the two most likely concerts at a new venue in Eau Claire. Most acts would rather play a festival than an arena because they are more financially viable. Acts would likely not play the Eau Claire market twice in one year.
- General market characteristics are positive in Eau Claire. A college town presents opportunity is is attractive.
- With 6,500 capacity (not total seats but concert capacity), the market could attract anywhere from 1 to 6 concerts per year. There is very limited opportunity with a smaller venue.

## Sue McLean and Associates Feedback

Sue McLean and Associates is an independent concert promotions company located in the Twin Cities. Representatives from the organization indicated the following:

- 80 percent of their events are independent concert promotions. These events can occur in arenas, clubs, and smaller theaters.
- The majority of their events are in the 5,000 to 8,000 spectator range, but they have done events in major arenas. A capacity of 5,500 is probably the ideal number for their purposes, but the opportunity to scale up is positive
- Eau Claire is attractive due to its growing festival scene, university, and proximity to the Twin Cities. The Twin Cities market is very crowded. Certain weekends will feature three or four major acts and facilities are happy if they can sell 5,000 tickets on certain occasions due to an excess number of options for consumers.
- The primary opportunity will be with acts that play Twin Cities every year and are looking for something new.
- Rock festival has put Eau Claire on the map. There is more interest in the Eau Claire market than there has ever been.



## Feld Entertainment Feedback

Feld Entertainment is best known for promoting and producing family shows such as Disney on Ice, Disney Live!, Monster Jam, Monster Energy AMA SuperCross, AMSOIL ArenaCross, and Marvel Universe Live!. Representatives from Feld stated the following:

- Feld is not very familiar with Eau Claire market, but initial demographics look promising.
- They currently hold major motorsports events and Monster Jam in the Twin Cities and would likely not consider Eau Claire for these types of events.
- A new Eau Claire event center would likely be a potential destination for stage events including Sesame Street Live and Disney Live. The proximity to the Twin Cities is not as important for these shows.
- Feld currently holds one or two events per year in Madison and Green Bay. Eau Claire would likely experience the same with a new, functional facility.
- Ice would provide value to Feld because it would eventually allow the facility to host Disney on Ice if the stage shows were successful.
- Stage shows need 4,000 seats, but ice shows need 5,500 to 6,000 fixed seats in order to be attractive.
- Increased capacity (6,000 or more seats) will only make the facility more attractive to concert promoters and other family shows.
- They cannot guarantee events, but Eau Claire could likely see one or two events per year over the first few years (two or three shows over a weekend).

## V Star Entertainment Group Feedback

V Star Entertainment group, located in Minneapolis, is a leading producer of family shows and other entertainment events. Feedback from V Star indicated the following:

- V Star produced three primary family shows: Paw Patrol Live, Bubble Gummy, and Cirque Dreams.
- V Star currently hosts events in Minneapolis and have developed solid partnerships with venues in Madison, Rochester, and La Crosse.
- There are many competitive venues in the region. Due to their limited knowledge of the market, it is difficult to say if they would bring events to Eau Claire.
- Typically, their events are more intimate (2,000 seats), but they have played in major arenas.
- Capacity is not important, but a loading dock, rigging, and dropdown curtains are critical.
- Shows are typically midweek with two shows per event. Events consist of three or four shows on the weekends.
- While college towns are attractive to concert promoters, they are not as attractive for family shows.
- They cannot say for sure whether or not they would bring events to Eau Claire, but would definitely consider it if a new, capable facility were developed.

## Project Development Costs

The adjacent table summarizes the projected development costs for the 4,500-capacity scenario and the 6,500-capacity scenario. Each scenario, provided by Kahler Slater, assumes a 200' x 85' ice floor and support systems, eight traditional suites, five club suites, a full-service kitchen, athletic administration offices, men's hockey locker suite, men's and women's basketball locker suite, and an athletic training area. Overall, the 6,500-capacity scenario is projected to add 31,000 square feet to the project design. Conversations with representatives from Kahler Slater and Ayres Associates indicated that the preliminary site plans include approximately 1,200 surface parking spaces. HSP's analysis suggests that this amount of spaces would accommodate the parking needs for a sold-out event at the 4,500-capacity venue, but would require the development of a garage for the larger event center scenario. Including the 670-space parking structure, the 6,500-capacity event center is projected to cost \$23.7 million more than the smaller scenario, according to representatives from Kahler Slater.

Projected Development Cost	
Event Center	Total Cost
<b>4,500 Capacity</b>	<b>\$64,000,000</b>
3,000 fixed seats (club, rail, suites)	
1,500 floor seats	
Parking Structure	--
<b>Total</b>	<b>\$64,000,000</b>
<b>6,500 Capacity</b>	<b>\$74,300,000</b>
5,000 fixed seats (club rail, suites)	
1,500 floor seats	
Parking Structure	\$13,400,000
<b>Total</b>	<b>\$87,700,000</b>
Source: Kahler Slater, Ayres Associates	

## Event Center Projections

Based on the market analysis, HSP conducted two performance scenarios for the proposed event center: a 4,500-capacity venue and a 6,500-capacity venue. The adjacent tables summarize the demand projections for the two scenarios. It is important to note that these projections include existing UWEC events such as men's and women's basketball games, men's hockey games, and existing graduations that occur at Zorn Arena. HSP projects that the larger 6,500-capacity venue will host 16 additional events per year compared to the smaller venue, including ten more combined concerts and family shows by stabilization.

Projected Schedule of Events by Category and Year - 4,500 Capacity

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	12	12	12	12	12	12	12	12	12	12
Women's Basketball	12	12	12	12	12	12	12	12	12	12
Men's Hockey	12	12	12	12	12	12	12	12	12	12
Concerts & Family Shows	4	5	6	6	6	6	6	6	6	6
Other Sporting Events	3	4	5	5	5	5	5	5	5	5
Graduations	7	7	7	7	7	7	7	7	7	7
Flat-Floor Events (Conventions, Other)	5	6	6	6	6	6	6	6	6	6
<b>Total</b>	<b>55</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>

Source: Hunden Strategic Partners

Projected Schedule of Events by Category and Year - 6,500 Capacity

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	12	12	12	12	12	12	12	12	12	12
Women's Basketball	12	12	12	12	12	12	12	12	12	12
Men's Hockey	12	12	12	12	12	12	12	12	12	12
Concerts & Family Shows	11	13	16	16	16	16	16	16	16	16
Other Sporting Events	7	8	9	9	9	9	9	9	9	9
Graduations	7	7	7	7	7	7	7	7	7	7
Flat-Floor Events (Conventions, Other)	7	8	8	8	8	8	8	8	8	8
<b>Total</b>	<b>68</b>	<b>72</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>

Source: Hunden Strategic Partners

## Event Center Projections

The adjacent tables show the the attendance projections for the two scenarios. HSP projects that the larger 6,500-capacity venue will host approximately 57,000 more attendees per year than the smaller 4,500-capacity event center.

**Projected Paid Attendance by Category and Year - 4,500 Capacity**

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Women's Basketball	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Men's Hockey	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Concerts & Family Shows	15,600	19,500	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400
Other Sporting Events	4,200	5,600	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Graduations	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
Flat-Floor Events (Conventions, Other)	4,500	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Total	46,600	52,800	58,100	58,100	58,100	58,100	58,100	58,100	58,100	58,100

Source: Hunden Strategic Partners

**Projected Paid Attendance by Category and Year - 6,500 Capacity**

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Women's Basketball	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Men's Hockey	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Concerts & Family Shows	49,500	58,500	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Other Sporting Events	11,200	12,800	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Graduations	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
Flat-Floor Events (Conventions, Other)	6,300	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Total	89,300	100,800	115,900	115,900	115,900	115,900	115,900	115,900	115,900	115,900

Source: Hunden Strategic Partners



## Event Center Projections - 4,500

The adjacent tables show HSP's financial operating projections for the smaller 4,500-capacity scenario. These projections assume that all ticket revenue generated by UWEC events is distributed to the University, and not the event center. These projections also assume that UWEC athletic events do not charge for parking, but all general public and entertainment events charge \$5 per car. By Year 5 of operations, HSP projects a net operating loss of \$811,000.

Eau Claire Event Center Financial Projection (thousands of inflated dollars)* - 4,500 Capacity										
Item	Fiscal Year									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operating Revenue</b>										
Rent	\$84	\$105	\$122	\$125	\$128	\$132	\$135	\$138	\$142	\$145
Concessions	63	73	84	86	88	90	93	95	97	100
Merchandise	11	14	18	18	19	19	20	20	21	21
Catering	35	37	39	40	41	44	45	46	47	48
Parking	39	48	55	55	66	66	66	66	77	77
Premium Seating	277	280	283	286	290	302	306	310	314	318
Advertising and Sponsorship	27	28	29	29	30	31	32	32	33	34
Facility Service Fee	54	62	70	70	70	70	70	70	70	70
Other Revenue	24	27	32	32	33	33	34	35	36	36
<b>Total Revenue</b>	<b>\$614</b>	<b>\$674</b>	<b>\$731</b>	<b>\$742</b>	<b>\$764</b>	<b>\$787</b>	<b>\$799</b>	<b>\$812</b>	<b>\$836</b>	<b>\$849</b>
<b>Operating Expense</b>										
Fixed										
Salary - Permanent Staff	\$444	\$455	\$466	\$478	\$490	\$502	\$515	\$528	\$541	\$554
Benefits - Permanent Staff	178	182	187	191	196	201	206	211	216	222
General and Administrative	170	174	179	183	188	192	197	202	207	212
Utilities	140	144	147	151	155	158	162	166	171	175
Repairs and Maintenance	75	77	79	81	83	85	87	89	91	94
Insurance	100	103	105	108	110	113	116	119	122	125
Communications	90	92	95	97	99	102	104	107	110	112
Advertising	40	41	42	43	55	57	58	59	61	62
Misc.	16	16	17	17	18	18	19	19	19	20
Variable										
Utilities	\$33	\$36	\$38	\$39	\$40	\$41	\$42	\$43	\$44	\$45
Hourly Salaries and Benefits	99	107	113	116	119	122	125	128	132	135
<b>Total Expenses</b>	<b>\$1,385</b>	<b>\$1,427</b>	<b>\$1,467</b>	<b>\$1,504</b>	<b>\$1,553</b>	<b>\$1,591</b>	<b>\$1,631</b>	<b>\$1,672</b>	<b>\$1,714</b>	<b>\$1,757</b>
<b>Net Operating Income (Deficit)</b>	<b>(\$771)</b>	<b>(\$753)</b>	<b>(\$736)</b>	<b>(\$762)</b>	<b>(\$788)</b>	<b>(\$805)</b>	<b>(\$832)</b>	<b>(\$860)</b>	<b>(\$878)</b>	<b>(\$907)</b>
Deposit to Maintenance Reserve	\$18	\$20	\$22	\$22	\$23	\$24	\$24	\$24	\$25	\$25
Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Operating Income</b>	<b>(\$789)</b>	<b>(\$773)</b>	<b>(\$758)</b>	<b>(\$784)</b>	<b>(\$811)</b>	<b>(\$828)</b>	<b>(\$856)</b>	<b>(\$884)</b>	<b>(\$903)</b>	<b>(\$933)</b>

Source: Hunden Strategic Partners

## Event Center Projections - 6,500

The adjacent tables show HSP's financial operating projections for the larger 6,500-capacity scenario. These projections assume that all ticket revenue generated by UWEC events is distributed to the University, and not the event center. These projections also assume that UWEC athletic events do not charge for parking, but all general public and entertainment events charge \$5 per car. By Year 5 of operations, HSP projects a net operating loss of \$585,000.

Eau Claire Event Center Financial Projection (thousands of inflated dollars)* - 6,500 Capacity										
Item	Fiscal Year									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operating Revenue</b>										
Rent	\$209	\$249	\$303	\$310	\$318	\$326	\$334	\$343	\$351	\$360
Concessions	130	151	181	186	190	195	200	205	210	215
Merchandise	34	41	51	53	54	55	57	58	60	61
Catering	42	45	48	50	51	54	55	57	58	60
Parking	105	122	144	144	173	173	173	173	202	202
Premium Seating	277	280	283	286	290	302	306	310	314	318
Advertising and Sponsorship	41	42	43	44	45	46	47	48	50	51
Facility Service Fee	115	131	154	154	154	154	154	154	154	154
Other Revenue	46	53	64	65	67	68	69	72	73	75
<b>Total Revenue</b>	<b>\$998</b>	<b>\$1,114</b>	<b>\$1,271</b>	<b>\$1,292</b>	<b>\$1,341</b>	<b>\$1,374</b>	<b>\$1,396</b>	<b>\$1,419</b>	<b>\$1,471</b>	<b>\$1,495</b>
<b>Operating Expense</b>										
Fixed										
Salary - Permanent Staff	\$494	\$506	\$519	\$532	\$545	\$559	\$573	\$587	\$602	\$617
Benefits - Permanent Staff	198	203	208	213	218	224	229	235	241	247
General and Administrative	197	202	207	212	217	223	228	234	240	246
Utilities	180	185	189	194	199	204	209	214	219	225
Repairs and Maintenance	90	92	95	97	99	102	104	107	110	112
Insurance	125	128	131	135	138	141	145	149	152	156
Communications	108	111	113	116	119	122	125	128	132	135
Advertising	60	62	63	65	55	57	58	59	61	62
Misc.	20	21	21	22	22	23	23	24	24	25
Variable										
Utilities	\$58	\$63	\$68	\$70	\$71	\$73	\$75	\$77	\$79	\$81
Hourly Salaries and Benefits	163	177	192	196	201	206	212	217	222	228
<b>Total Expenses</b>	<b>\$1,693</b>	<b>\$1,748</b>	<b>\$1,806</b>	<b>\$1,851</b>	<b>\$1,886</b>	<b>\$1,933</b>	<b>\$1,981</b>	<b>\$2,031</b>	<b>\$2,082</b>	<b>\$2,134</b>
<b>Net Operating Income (Deficit)</b>	<b>(\$695)</b>	<b>(\$635)</b>	<b>(\$534)</b>	<b>(\$559)</b>	<b>(\$545)</b>	<b>(\$559)</b>	<b>(\$586)</b>	<b>(\$612)</b>	<b>(\$610)</b>	<b>(\$639)</b>
Deposit to Maintenance Reserve	\$30	\$33	\$38	\$39	\$40	\$41	\$42	\$43	\$44	\$45
Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Operating Income</b>	<b>(\$725)</b>	<b>(\$668)</b>	<b>(\$572)</b>	<b>(\$598)</b>	<b>(\$585)</b>	<b>(\$601)</b>	<b>(\$628)</b>	<b>(\$654)</b>	<b>(\$654)</b>	<b>(\$683)</b>

Source: Hunden Strategic Partners

## Projections

The adjacent tables show the net new room night projections for the two scenarios. HSP projects that the larger 6,500-capacity venue will generate nearly 7,000 new room nights in the Eau Claire market by stabilization, compared to 3,000 for the smaller scenario.

**Net New Room Nights to Eau Claire - 4,500 Capacity**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	12	12	12	12	12	12	12	12	12	12
Women's Basketball	9	9	9	9	9	9	9	9	9	9
Men's Hockey	12	12	12	12	12	12	12	12	12	12
Concerts & Family Shows	862	1,128	1,354	1,354	1,354	1,354	1,354	1,354	1,354	1,354
Other Sporting Events	438	584	729	729	729	729	729	729	729	729
Flat-Floor Events (Conventions, Other)	780	936	936	936	936	936	936	936	936	936
<b>Total</b>	<b>2,113</b>	<b>2,681</b>	<b>3,053</b>	<b>3,053</b>	<b>3,053</b>	<b>3,053</b>	<b>3,053</b>	<b>3,053</b>	<b>3,053</b>	<b>3,053</b>

Source: Hunden Partners

**Net New Room Nights to Eau Claire - 6,500 Capacity**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	12	12	12	12	12	12	12	12	12	12
Women's Basketball	9	9	9	9	9	9	9	9	9	9
Men's Hockey	12	12	12	12	12	12	12	12	12	12
Concerts & Family Shows	2,734	3,385	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166
Other Sporting Events	1,167	1,334	1,501	1,501	1,501	1,501	1,501	1,501	1,501	1,501
Flat-Floor Events (Conventions, Other)	1,092	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248
<b>Total</b>	<b>5,027</b>	<b>6,000</b>	<b>6,948</b>	<b>6,948</b>	<b>6,948</b>	<b>6,948</b>	<b>6,948</b>	<b>6,948</b>	<b>6,948</b>	<b>6,948</b>

Source: Hunden Partners

## Projections

The adjacent tables show the net new day trip projections for the two scenarios. HSP projects that the larger 6,500-capacity venue will generate approximately 31,555 new day trips in the Eau Claire market by stabilization, compared to 12,803 for the smaller scenario.

**Net New Day Trips to Eau Claire - 4,500 Capacity**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	447	447	447	447	447	447	447	447	447	447
Women's Basketball	326	326	326	326	326	326	326	326	326	326
Men's Hockey	440	440	440	440	440	440	440	440	440	440
Concerts & Family Shows	4,914	6,143	7,371	7,371	7,371	7,371	7,371	7,371	7,371	7,371
Other Sporting Events	1,688	2,251	2,814	2,814	2,814	2,814	2,814	2,814	2,814	2,814
Flat-Floor Events (Conventions, Other)	1,170	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404
<b>Total</b>	<b>8,986</b>	<b>11,012</b>	<b>12,803</b>	<b>12,803</b>	<b>12,803</b>	<b>12,803</b>	<b>12,803</b>	<b>12,803</b>	<b>12,803</b>	<b>12,803</b>

Source: Hunden Partners

**Net New Day Trips to Eau Claire - 6,500 Capacity**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Men's Basketball	447	447	447	447	447	447	447	447	447	447
Women's Basketball	326	326	326	326	326	326	326	326	326	326
Men's Hockey	440	440	440	440	440	440	440	440	440	440
Concerts & Family Shows	15,593	18,428	22,680	22,680	22,680	22,680	22,680	22,680	22,680	22,680
Other Sporting Events	4,502	5,146	5,789	5,789	5,789	5,789	5,789	5,789	5,789	5,789
Flat-Floor Events (Conventions, Other)	1,638	1,872	1,872	1,872	1,872	1,872	1,872	1,872	1,872	1,872
<b>Total</b>	<b>22,947</b>	<b>26,659</b>	<b>31,555</b>	<b>31,555</b>	<b>31,555</b>	<b>31,555</b>	<b>31,555</b>	<b>31,555</b>	<b>31,555</b>	<b>31,555</b>

Source: Hunden Partners

## Projections

The adjacent tables summarize the projected economic impact of the two event center scenarios. Over the first ten year of operations, HSP projects that the 6,500-capacity venue will generate nearly \$26 million in direct net new spending in the Eau Claire economy, compared to \$11 million for the smaller scenario.

**Direct Net New Spending (000s) - 4,500 Capacity**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Food & Beverage	\$266	\$340	\$404	\$416	\$429	\$441	\$455	\$468	\$482	\$497	<b>\$4,199</b>
Lodging	\$251	\$329	\$385	\$397	\$409	\$421	\$434	\$447	\$460	\$474	<b>\$4,007</b>
Retail	\$53	\$68	\$81	\$83	\$86	\$88	\$91	\$94	\$96	\$99	<b>\$840</b>
Transportation	\$39	\$50	\$60	\$61	\$63	\$65	\$67	\$69	\$71	\$73	<b>\$619</b>
Other Local Spending	\$87	\$112	\$133	\$137	\$141	\$145	\$149	\$154	\$158	\$163	<b>\$1,378</b>
<b>Total</b>	<b>\$697</b>	<b>\$898</b>	<b>\$1,062</b>	<b>\$1,094</b>	<b>\$1,127</b>	<b>\$1,161</b>	<b>\$1,196</b>	<b>\$1,232</b>	<b>\$1,268</b>	<b>\$1,307</b>	<b>\$11,042</b>

Source: Hunden Strategic Partners

**Direct Net New Spending (000s) - 6,500 Capacity**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Food & Beverage	\$662	\$800	\$967	\$996	\$1,026	\$1,057	\$1,089	\$1,121	\$1,155	\$1,189	<b>\$10,062</b>
Lodging	\$598	\$735	\$877	\$903	\$930	\$958	\$987	\$1,017	\$1,047	\$1,079	<b>\$9,133</b>
Retail	\$132	\$160	\$193	\$199	\$205	\$211	\$218	\$224	\$231	\$238	<b>\$2,011</b>
Transportation	\$98	\$118	\$143	\$147	\$151	\$156	\$160	\$165	\$170	\$175	<b>\$1,483</b>
Other Local Spending	\$217	\$262	\$317	\$327	\$337	\$347	\$357	\$368	\$379	\$390	<b>\$3,301</b>
<b>Total</b>	<b>\$1,707</b>	<b>\$2,075</b>	<b>\$2,497</b>	<b>\$2,572</b>	<b>\$2,649</b>	<b>\$2,729</b>	<b>\$2,811</b>	<b>\$2,895</b>	<b>\$2,982</b>	<b>\$3,072</b>	<b>\$25,989</b>

Source: Hunden Strategic Partners



## Projections

Over the first ten years of operations, HSP projects that the 6,500-capacity venue will generate more than \$45 million in direct, indirect, and induced net new spending in the Eau Claire economy, compared to \$19 million for the smaller scenario.

### Direct, Indirect & Induced Net New Spending (000s) - 4,500 Capacity

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
<b>Net New Spending</b>											
Direct	\$697	\$898	\$1,062	\$1,094	\$1,127	\$1,161	\$1,196	\$1,232	\$1,268	\$1,307	<b>\$11,042</b>
Indirect	\$234	\$301	\$357	\$367	\$378	\$390	\$401	\$413	\$426	\$439	<b>\$3,706</b>
Induced	\$278	\$358	\$423	\$436	\$449	\$463	\$477	\$491	\$506	\$521	<b>\$4,401</b>
<b>Total</b>	<b>\$1,209</b>	<b>\$1,558</b>	<b>\$1,842</b>	<b>\$1,898</b>	<b>\$1,954</b>	<b>\$2,013</b>	<b>\$2,073</b>	<b>\$2,136</b>	<b>\$2,200</b>	<b>\$2,266</b>	<b>\$19,149</b>

Source: Hunden Strategic Partners

### Direct, Indirect & Induced Net New Spending (000s) - 6,500 Capacity

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
<b>Net New Spending</b>											
Direct	\$1,707	\$2,075	\$2,497	\$2,572	\$2,649	\$2,729	\$2,811	\$2,895	\$2,982	\$3,072	<b>\$25,989</b>
Indirect	\$573	\$697	\$839	\$864	\$890	\$916	\$944	\$972	\$1,001	\$1,031	<b>\$8,728</b>
Induced	\$681	\$827	\$996	\$1,026	\$1,057	\$1,088	\$1,121	\$1,155	\$1,189	\$1,225	<b>\$10,365</b>
<b>Total</b>	<b>\$2,961</b>	<b>\$3,599</b>	<b>\$4,332</b>	<b>\$4,462</b>	<b>\$4,596</b>	<b>\$4,734</b>	<b>\$4,876</b>	<b>\$5,022</b>	<b>\$5,173</b>	<b>\$5,328</b>	<b>\$45,082</b>

Source: Hunden Strategic Partners

## Projections

Over the first ten years of operations, HSP projects that the 6,500-capacity venue will generate more than \$14 million in net new earnings in the Eau Claire economy, compared to \$6 million for the smaller scenario.

### Net New Earnings from Direct, Indirect & Induced Spending (000s) - 4,500 Capacity

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
<b>Net New Earnings</b>											
From Direct	\$220	\$283	\$335	\$345	\$355	\$366	\$377	\$388	\$400	\$412	\$3,482
From Indirect	\$75	\$96	\$114	\$117	\$121	\$124	\$128	\$132	\$136	\$140	\$1,183
From Induced	\$84	\$108	\$128	\$132	\$136	\$140	\$144	\$148	\$153	\$157	\$1,330
<b>Total</b>	<b>\$378</b>	<b>\$488</b>	<b>\$577</b>	<b>\$594</b>	<b>\$612</b>	<b>\$630</b>	<b>\$649</b>	<b>\$669</b>	<b>\$689</b>	<b>\$709</b>	<b>\$5,995</b>

Source: Hunden Strategic Partners

### Net New Earnings from Direct, Indirect & Induced Spending (000s) - 6,500 Capacity

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
<b>Net New Earnings</b>											
From Direct	\$539	\$655	\$788	\$812	\$836	\$861	\$887	\$914	\$941	\$970	\$8,204
From Indirect	\$183	\$222	\$267	\$275	\$284	\$292	\$301	\$310	\$319	\$329	\$2,782
From Induced	\$206	\$250	\$301	\$310	\$319	\$329	\$339	\$349	\$359	\$370	\$3,132
<b>Total</b>	<b>\$927</b>	<b>\$1,127</b>	<b>\$1,357</b>	<b>\$1,397</b>	<b>\$1,439</b>	<b>\$1,482</b>	<b>\$1,527</b>	<b>\$1,573</b>	<b>\$1,620</b>	<b>\$1,669</b>	<b>\$14,118</b>

Source: Hunden Strategic Partners

## Projections

Over the first ten years of operations, HSP projects that the 6,500-capacity venue will generate more than 73 net new full-time equivalent jobs in the Eau Claire economy, compared to 31 million for the smaller scenario.

### Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings - 4,500 Capacity

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Average
<b>Net New FTE Jobs</b>											
From Direct	13	16	19	19	19	19	19	19	19	19	18
From Indirect	4	5	6	6	6	6	6	6	6	6	6
From Induced	5	6	7	7	7	7	7	7	7	7	7
<b>Total</b>	<b>23</b>	<b>28</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>31</b>

Source: Hunden Strategic Partners

### Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings - 6,500 Capacity

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Average
<b>Net New FTE Jobs</b>											
From Direct	32	37	44	44	44	44	44	44	44	44	42
From Indirect	11	13	15	15	15	15	15	15	15	15	14
From Induced	13	15	18	18	18	18	18	18	18	18	17
<b>Total</b>	<b>55</b>	<b>65</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>73</b>

Source: Hunden Strategic Partners

## Projections

Over the first ten years of operations, HSP projects that the 6,500-capacity venue will generate nearly \$800,000 in net new taxes in the Eau Claire economy, compared to \$341,000 for the smaller scenario.

### Estimated Fiscal Impact - Tax Impacts from Net New Spending (000s) - 4,500 Capacity

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
<b>Local Taxes Collected</b>											
Hotel Tax (8%)	\$40	\$26	\$31	\$32	\$33	\$34	\$35	\$36	\$37	\$38	\$341
<b>Total</b>	<b>\$40</b>	<b>\$26</b>	<b>\$31</b>	<b>\$32</b>	<b>\$33</b>	<b>\$34</b>	<b>\$35</b>	<b>\$36</b>	<b>\$37</b>	<b>\$38</b>	<b>\$341</b>

\* First year includes construction period spending on the project

Source: Hunden Strategic Partners

### Estimated Fiscal Impact - Tax Impacts from Net New Spending (000s) - 6,500 Capacity

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
<b>Local Taxes Collected</b>											
Hotel Tax (8%)	\$96	\$59	\$70	\$72	\$74	\$77	\$79	\$81	\$84	\$86	\$779
<b>Total</b>	<b>\$96</b>	<b>\$59</b>	<b>\$70</b>	<b>\$72</b>	<b>\$74</b>	<b>\$77</b>	<b>\$79</b>	<b>\$81</b>	<b>\$84</b>	<b>\$86</b>	<b>\$779</b>

\* First year includes construction period spending on the project

Source: Hunden Strategic Partners

## Projections

The adjacent tables summarize the cost, demand, operating, and impact projections for the two event center scenarios.

Summary - Event Center Scenarios			
	4,500 Capacity	6,500 Capacity	Difference
Construction Cost	\$64,000,000	\$87,700,000	\$23,700,000
Total Events (Stabilization)	60	76	16
Total Attendance (Stabilization)	58,100	115,900	57,800
Operating Revenue (Year 4)	\$742,000	\$1,292,000	\$550,000
Operating Expenses (Year 4)	\$1,504,000	\$1,851,000	\$347,000
Net Operating Income (Year 4)	-\$762,000	-\$559,000	\$203,000
Net New Eau Claire Room Nights (Year 4)	3,053	6,948	3,895
Net New Eau Claire Day Trips (Year 4)	12,803	31,555	18,752
Fiscal Impact (10-Year Total)	\$341,000	\$779,000	\$438,000
Source: Hunden Partners			



## Chapter 3

# Local and Regional Meetings and Events Analysis; Trends

## Industry Trends

It is important for stakeholders in Eau Claire to understand the forces shaping the convention and meetings business. While it is ever-changing, the expectations for ease, convenience and affordability have increased, while the demand for authenticity and large blocks of generic/branded hotel rooms and attached high-quality flexible spaces has also increased.

The convention and conference event industry is diverse and responds well to facilities that can accommodate their needs, such as assembly space for general sessions and displays, ballroom facilities, and numerous breakout-meeting rooms. Supply has been outpacing demand in the convention and meetings industry, even before the economic downturn in 2008. Even in the economic downturn, however, more than 65 percent of convention and meetings facilities expanded, renovated or built new facilities. This hurt pricing power for facilities over the past several years, but as the economy and meetings expand, balance is being restored to the supply/demand mix. Since 2013, the meetings and convention business has been expanding at a rapid pace, in many cases faster than the growth in corporate or leisure business.

## Trends

Conventions, exhibitions, and trade shows are conducted for the purposes of exchanging information, conducting business transactions, and for educational, cultural, and social enrichment. As developments occur in the larger economy, simultaneous developments occur in the meetings market, such as the growth of the tech sector generating growth in tech-related meetings and events. The table below summarizes the key attributes of various types of meetings, including facility requirements.

Facility Types & Requirements for Various Event Types										
Event Type	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sports Events	Conferences	Meetings	Trainings	Banquets
<b>Attendance Range</b>	150 - 50,000	150 - 15,000	250 - 50,000	8,000 - 1,000,000	5,000 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
<b>Primary Purpose</b>	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
<b>Facility Requirements</b>	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
<b>Typical Facility Used</b>	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arena, Stadiums, Convention Centers	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels

Source: HSP

Often, a single event will use many different types of spaces, including exhibit halls, banquet facilities, and breakout meeting rooms. Well-designed multi-purpose facilities offer the proportions of different types of spaces appropriate for the market. In addition, they offer the flexibility to host multiple events at one time. Different types of conventions and meetings have differing needs.

## Trends

The adjacent table shows the important factors considered when choosing event destinations. The top factors selected as very important are hotel room prices and quality, hotel room availability and capacity, and convention center and exhibition hall size and quality. The lowest-rated elements considered when choosing a meeting destination were the total population or demographics, climate/weather, and the cultural and entertainment amenities.

Having a large, quality hotel within walking distance of a multi-functional meeting facility opens up the market for many types of events that can accommodate and drive corporate demand, which then draws non-local visitors. Having restaurants and entertainment attached or in the immediate proximity will also enhance a facility's appeal.

Event Site-Selection Trends - Host City Key Factors			
Host City Factors	Very Important	Moderately Important	Not Important
Hotel room prices and quality	80%	13%	7%
Hotel room availability and capacity	80%	12%	8%
Convention center and exhibition hall size and quality	76%	15%	9%
Facilities "under one roof" (i.e. meeting rooms, exhibit halls, hotels in one facility or connected)	61%	27%	12%
Labor costs and service issues	58%	36%	7%
Proximity of HQ hotel(s) to the convention center	54%	28%	19%
Destination appeal to attendees	48%	41%	11%
Concentration of our members, clients or industry professionals in the city and region	48%	41%	11%
Airport capacity and airfares	48%	37%	15%
Total population, demographics	27%	38%	35%
Road and highway access	26%	49%	24%
Climate/weather	17%	54%	29%
Cultural and entertainment amenities	13%	57%	30%
Source: R7M Research & Consulting			

## Trends

The adjacent table lists the key factors considered when choosing a meeting venue. While the walkability, entertainment and amenities of a potential host location are critical to the selection process, various factors coupled with the venue are just as significant. As seen from the previous tables, cost is a key element considered in all areas associated with a meeting or event. This is true of the venue itself. The cost to the event management group, exhibitors, and attendees ranks the highest of all the considered components. The next vital areas of consideration for a venue are the size and quality of function space available.

Event Site-Selection Trends - Factors for Venues			
Venue Factors	Very Important	Moderately Important	Not Important
Costs (to you, the event management)	91%	9%	0%
Costs (to exhibitors and attendees)	88%	10%	2%
Exhibit halls(s) size and quality	82%	16%	4%
Exhibit space layout (single floor,	80%	17%	3%
Meeting room capacity and quality	78%	16%	6%
Quality and proximity of hotels	71%	20%	9%
Labor costs and service issues	65%	31%	4%
Food and beverage quality and costs	62%	36%	2%
Ballroom capacity	54%	32%	14%
Technology services and capabilities	45%	45%	10%
Airport access to venue and hotels	41%	42%	17%
Attached, headquarters hotel	41%	37%	22%
Regional population/demographics	34%	39%	27%
Parking availability	33%	46%	21%
Proximity to entertainment and restaurants	31%	52%	17%
Highway and mass transportation access	20%	57%	23%
Environmental sustainability	7%	65%	28%
Proximity to tourism and cultural amenities	7%	52%	41%
Proximity to recreational activities	5%	51%	45%
Source: R7M Research & Consulting			



## Local Meetings Supply

The table below summarizes the existing supply of meeting and event facilities in the Eau Claire market.

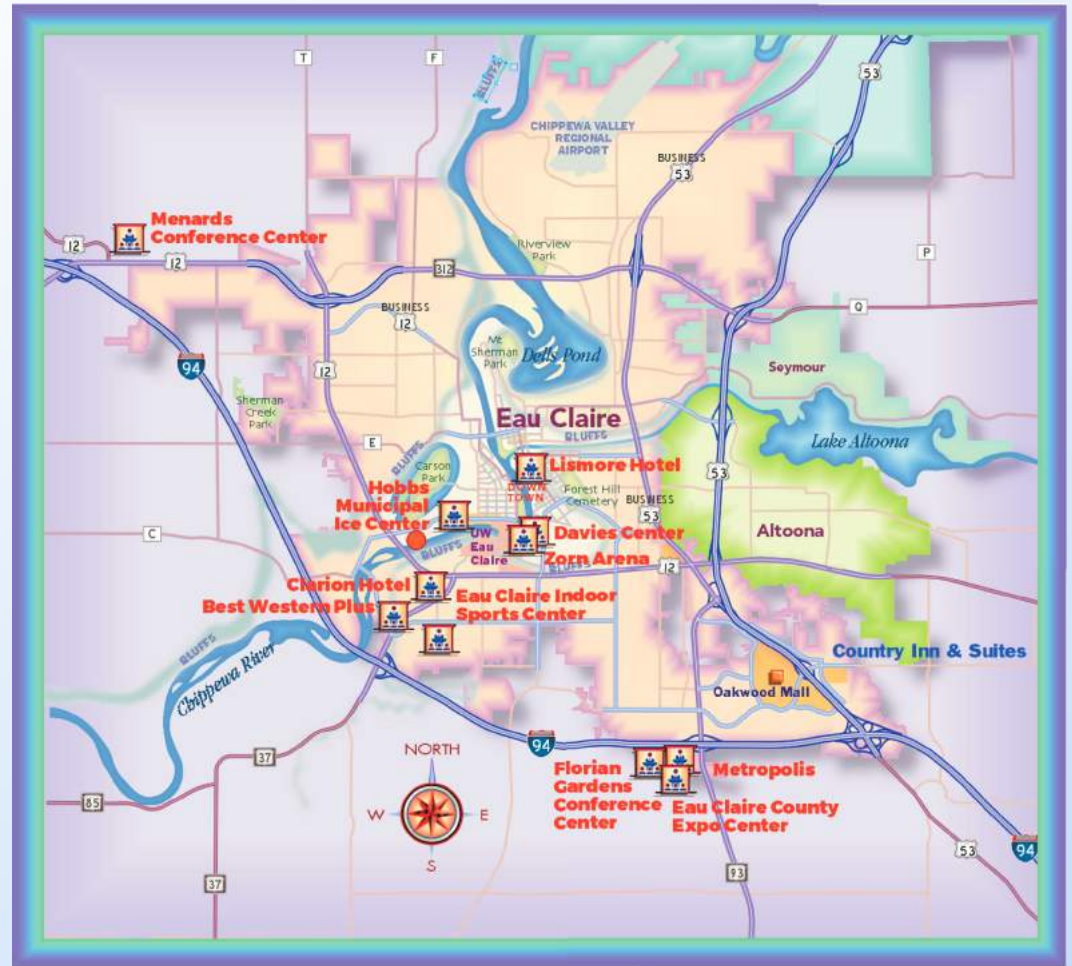
Local Meeting and Event Supply							
Venue	Total SF	Ballroom Space (SF)	Largest Ballroom (SF)	Exhibit / Arena Space (SF)	Meeting Space (SF)	Meeting Rooms	Walkable Hotel Rooms
Hobbs Municipal Ice Center	93,000	0	0	n/a	n/a	3	0
Menards Event Center	53,000	0	0	53,000	n/a	1	0
Eau Claire Indoor Sports Center	50,000	0	0	50,000	n/a	2	0
The Davies Center	28,834	12,026	8,223	0	16,808	15	0
The Lismore Hotel	14,410	13,902	7,257	0	508	2	144
Clarion Hotel	13,005	5,160	5,160	0	7,845	10	590
Eau Claire County Expo Center	12,616	0	0	10,296	2,320	2	107
Zorn Arena	10,000	0	0	10,000	0	n/a	0
Florian Gardens	10,000	10,000	10,000	0	0	3	107
Metropolis Resort	9,689	3,796	3,796	0	5,893	15	107
Best Western Plus Eau Claire Conference Center	5,252	4,332	4,332	0	920	6	85
<b>Average</b>	<b>27,255</b>	<b>4,474</b>	<b>3,524</b>	<b>12,330</b>	<b>4,287</b>	<b>6</b>	<b>104</b>

Source: Various Facilities

Currently, the market offers one true exhibit venue, the 53,000-square foot hall in the Menards Event Center. The Eau Claire Indoor Sports Center is capable of hosting flat-floor events, but the design of the facility presents logistical challenges. The market also does not offer any ballrooms larger than 10,000 square feet. Florian Gardens, which features the largest ballroom in Eau Claire, generally operates as a banquet and wedding venue and does not offer the breakout rooms or amenities to accommodate many corporate events and meetings. Currently, Eau Claire does not feature a facility that features a flat-floor exhibit hall, carpeted ballroom, and breakout meeting rooms. HSP's analysis of the existing supply suggests a sizeable gap in the local market.

## Local Meetings Supply

The adjacent map shows the location of the existing Eau Claire meeting and event venues. While the majority of the event venues are concentrated around the university and downtown, the largest ballroom (Menard's) and largest ballroom (Florian Garden's Conference Center) are located more than five miles from the core of activity in the city.



## The Davies Center (UWEC)

The Davies Center, located on the campus of The University of Wisconsin Eau Claire, is generally considered the highest quality and most comprehensive event space in the local market. The facility offers nearly 30,000 square feet of total space, broken down between 15 meeting rooms ranging from 300 square feet to nearly 5,000 square feet and two ballrooms. The Ojibwe Ballroom is 8,222 square feet and has four divisions, while the Dakota Ballroom is 3,800 square feet and has two divisions. The facility also features the Woodland Theater, which is a 200-seat auditorium that hosts classes and special events. As a university venue, the primary obligation of the facility is on school events and UWEC education. This presents scheduling challenges for non-UWEC events to host banquets and other corporate events in the space. Facility representatives indicated that the primary need, both in the facility and the Eau Claire, is a larger ballroom space.





## Chippewa Valley Expo Center (Menards)

The Chippewa Valley Expo Center, owned by Menard Inc., is located off of I-94-N Highway 12 on the west side of Eau Claire. Originally built for Menard company use, the facility offers over 50,000 square feet of exhibit space and a 300-seat auditorium. A kitchen and dining area is also offered at the venue for basic concessions. Large doors and loading docks are available for large equipment featured at boat shows and flat floor events that use the venue. The facility does not feature ballroom space, true breakout meeting rooms, or walkable and adjacent hotel rooms. While a new event facility in Eau Claire may compete with the Chippewa Valley Expo Center for certain events, a true convention center featuring a ballroom and breakout meeting rooms will allow Eau Claire to pursue higher quality corporate events and conventions that are currently not considering this venue due to its quality level and amenities.



## Local Meeting Supply

**Eau Claire Indoor Sports Center** – Opened in 2001, the privately owned sports facility also hosts non-sporting events including tradeshow, field trips and birthday parties. According to conversations with facility representatives, the facility primarily competes with the Chippewa Valley Expo Center for tradeshow and other flat-floor events. The design of the venue, including the loading docks, can present challenges to event planners.

**Metropolis Resort** – The 107-room hotel, which opened in 2008, is a uniquely designed lodging and event facility that features an indoor waterpark and adjacent playzone. An overnight destination for youth sports teams, hotel demand at the property is strong on the weekends. The facility offers a 3,800-square foot ballroom that hosts weddings, banquets, and other corporate events.

**Doubletree the Lismore Hotel** – Reopened in 2016, the renovated and reimagined Lismore Hotel offers the newest and highest quality function space in the local market. Featuring nearly 14,000 square feet of ballroom space, the property has established itself as an Eau Claire destination for social and corporate events. However, the lack of breakout meeting rooms, and the limited room block offerings (112 total rooms) present challenges when accommodating certain events.

**Hobbs Municipal Ice Center** – Similar to the Eau Claire Sports Center, the Hobbs Municipal Ice center is a three-rink indoor hockey facility that, on occasion, hosts flat floor tradeshow and other events. As is the case with any converted sports venue, the lack of breakout meeting rooms and true exhibit space limit the attractiveness of the venue for event planners.



## Historic Bookings

The data below, provided by Visit Eau Claire, summarizes the number of event bookings in the market over the last five years.

Confirmed Bookings - Number of Bookings	
Venue	Number of Bookings
Eau Claire Area	31
Plaza Hotel & Suites*	23
Clarion Hotel Campus Area and Green Mill Restaurant	13
Metropolis Resort and Conference Center	11
Lismore	9
Best Western PLUS Eau Claire Conference Center	7
Holiday Inn Eau Claire South & Johnny's Italian Steakhouse	4
Holiday Inn Express Hotel & Suites	2
Staybridge Suites	2
Americas Best Value Inn Campus View	1
Eau Claire Hotel and Convention Center	1
The Florian Gardens Conference Center	1
<b>Total</b>	<b>105</b>

\*Permanently closed  
Source: Visit Eau Claire

Confirmed Bookings - Requested Rooms	
Venue	Requested Rooms
Plaza Hotel & Suites*	6,065
Eau Claire Area	5,506
Clarion Hotel Campus Area and Green Mill Restaurant	2,200
Lismore	1,623
Metropolis Resort and Conference Center	1,549
Holiday Inn Eau Claire South & Johnny's Italian Steakhouse	350
Best Western PLUS Eau Claire Conference Center	309
Eau Claire Hotel and Convention Center	120
Holiday Inn Express Hotel & Suites	70
Staybridge Suites	54
Americas Best Value Inn Campus View	50
The Florian Gardens Conference Center	35
<b>Total</b>	<b>17,931</b>

\*Permanently closed  
Source: Visit Eau Claire

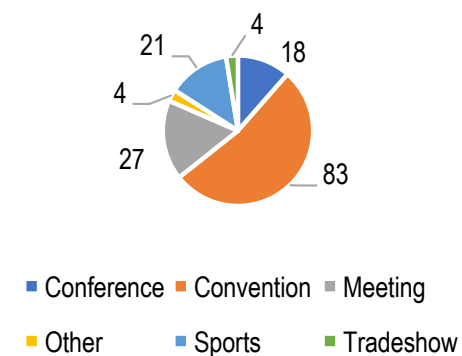
The primary meeting and event venue in the market over the last five years was the Plaza Hotel & Suites, followed by the Clarion Hotel, and the Metropolis Resort. The Plaza Hotel and Suites, which offered 15 banquet rooms and more than 28,000 square feet of total function space, permanently closed in 2016. As the most comprehensive package of meeting spaces in the market, the closure of the Plaza Hotel only enhanced the gap in the existing supply of meeting and event venues in Eau Claire.

## Too Large To Accommodate Events

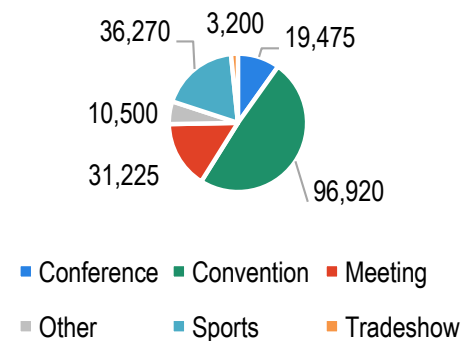
The data shown in the adjacent charts, provided by Visit Eau Claire, shows the lost event business over the last five years due to the lack of an appropriate facility. The majority of lost business in Eau Claire has been from conventions, although there have been a handful of meetings, sports events, and conferences lost as well.

The total number of attendees lost mirrors the total events lost, as conventions had nearly 100,000 attendees that could not be accommodated in Eau Claire. In total, there are nearly 200,000 attendees between all event types that were lost due to the lack of an appropriate, sizeable facility in Eau Claire.

**Events by Type**



**Number of Attendees by Type**

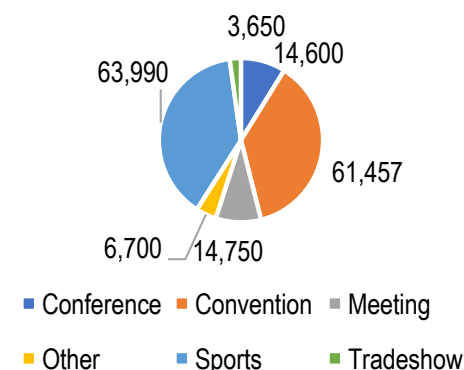


## Too Large To Accommodate Events

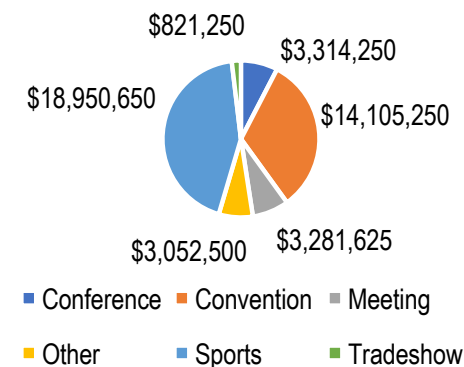
The adjacent table summarizes the number of rooms lost over the last five years due to the lack of an appropriate facility. Although conventions had the most events and attendees, sporting events required the largest number of rooms. Sports and convention events accounted for over 75 percent of all room nights lost.

Sporting events had an estimated economic impact of nearly \$20 million, and convention events were estimated at nearly \$15 million. In total, Eau Claire missed out on about \$45 million of economic impact due to the lack of a large enough facility.

**Number of Rooms**



**Economic Impact by Type**



## Regional Meeting and Event Supply

The adjacent table summarizes the existing competitive regional meeting and event venues. Similar to the event center dynamic analyzed in this report, Eau Claire, due to its facility size and destination appeal, will likely compete with many of the secondary markets in the region to attract conventions, conferences, and other events. As shown, the St. Cloud, Duluth, Madison, Green Bay, Dubuque, and Oshkosh markets all offer facilities that features exhibit, ballroom, and meeting room space under one roof. This is critical when preparing a package to entice prospective meeting and event planners. It is important to note the number of walkable hotel rooms (within 1,500 linear feet) of the facility. The competitive facilities, on average, offer more than 700 rooms within walking distance. Based on the proposed site in Eau Claire, this may present challenges to future development.

Regional Convention Facilities							
Facility	Location	Total SF	Ballroom Space (SF)	Exhibit / Arena Space (SF)	Meeting Space (SF)	Meeting Rooms	Walkable Hotel Rooms
Minneapolis Convention Center	Minneapolis, MN	578,832	n/a	475,200	103,632	96	2,687
Milwaukee Convention Center	Milwaukee, WI	265,565	37,506	188,695	39,364	28	2,303
Chula Vista Resort**	Wisconsin Dells, WI	200,000	28,000	90,000	0	25	620
Alliant Energy Center	Madison, WI	120,320	0	100,000	20,320	n/a	140
Duluth Entertainment & Convention Center	Duluth, MN	118,400	38,000	63,300	17,400	13	565
St. Paul RiverCentre	St. Paul, MN	109,800	27,100	64,300	18,400	23	1,020
Kalahari Resorts and Conventions*	Wisconsin Dells, WI	100,000	37,760	0	22,419	17	756
Rochester Mayo Civic Center	Rochester, MN	0	38,586	25,200	27,208	18	869
St. Cloud Rivers Edge Civic Center	St. Cloud, MN	88,600	16,000	60,000	12,600	19	385
La Crosse Center	La Crosse, WI	86,400	6,700	77,000	2,700	8	627
KI Convention Center	Green Bay, WI	80,000	39,000	35,000	14,500	26	416
Monona Terrace Conference Center	Madison, WI	62,900	20,400	37,200	5,300	18	619
Glacier Canyon Lodge - Wilderness Resort	Wisconsin Dells, WI	56,000	28,027	0	n/a	n/a	945
Grand River Center	Dubuque, IA	54,000	12,000	30,000	12,000	10	193
Central Wisconsin Convention and Expo Center	Rothschild, WI	51,375	24,160	0	27,215	18	476
Holiday Inn Stevens Point	Stevens Point, WI	38,000	7,680	16,020	7,680	12	215
Best Western Hotel & Convention Center	Oshkosh, WI	35,500	14,000	15,500	6,000	9	215
Waukesha County Expo Center	Waukesha, WI	33,000	0	33,000	n/a	3	0
Fox Cities Exhibition Center	Appleton, WI	30,000	n/a	n/a	n/a	n/a	475
<b>Average</b>		<b>110,984</b>	<b>22,054</b>	<b>72,801</b>	<b>21,046</b>	<b>21</b>	<b>712</b>

\*Expanding by 112,000 SF in 2019  
 \*\*Includes a large domed structure used for sports and meetings  
 Source: Visit Eau Claire, Various Facilities

## Map

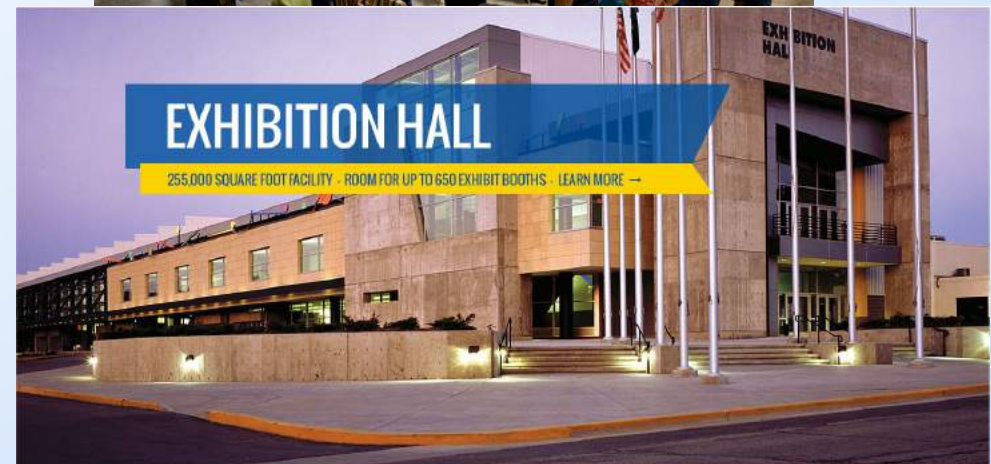
The adjacent figure shows the competitive regional meeting and event venues in relation to Eau Claire. As shown, there is a geographical gap of competitive facilities in northern Wisconsin. This presents an opportunity for a new Eau Claire convention facility to establish itself as a rotation destination in northern Wisconsin association events.





## Alliant Energy Center

In addition to the arena profiled earlier in the report, the Alliant Energy Center offers 120,000 square feet of total event space, including 100,000 square feet of exhibit space. Primarily a destination for trade shows, fundraisers, and expos, the facility suffers from the lack of a true ballroom and an appropriate number of breakout rooms, according to conversations with facility management. In addition, the facility only offers 140 easily walkable hotel rooms, which presents a variety of challenges to management. As previously mentioned, a study was completed in 2017 that recommended an expansion of the meeting spaces and the development of two new hotels, but there is no confirmed project at this time.



## Alliant Energy Center

The adjacent tables summarize the event by type and attendance at the Alliant Energy Center from 2011 through 2016. The facility has established itself as a destination for agriculture events, in addition to consumer shows and outdoor festivals. Due to the quality of the space and the lack of a true ballroom, Alliant Energy Center is not a destination for concerts, banquets, and other social events. Without a major renovation or expansion, a new convention facility will likely offer a more competitive event package than the Alliant Energy Center.

Event Type	2011	2012	2013	2014	2015	2016
Agriculture / 4-H	32	30	22	18	27	43
Banquet	35	36	31	31	37	40
Ceremony	26	42	37	41	30	18
Concert	16	14	4	5	4	7
Conference	30	28	13	14	16	14
Consumer Show	38	36	31	30	28	32
Convention	7	10	4	6	10	8
Family Show	9	6	5	6	7	5
Festival	5	4	4	4	5	4
Meeting*	93	133	147	133	106	135
Parking Lot Rental	15	20	16	18	12	21
Sporting Event	11	24	23	14	28	58
Trade Show	7	13	15	18	13	12
<b>Total Events</b>	<b>324</b>	<b>396</b>	<b>352</b>	<b>338</b>	<b>323</b>	<b>397</b>

Source: Alliant Energy Center, Hunden Strategic Partners  
 \*Meeting Category includes Testing/Exam and Civic Event Categories

Event Type	2011	2012	2013	2014	2015	2016
Agriculture	132,000	152,200	139,800	147,100	165,000	169,400
Banquet	3,000	3,800	3,000	2,400	3,300	3,700
Ceremony	13,000	23,400	15,800	15,400	24,900	22,500
Concert	42,700	68,900	32,000	32,600	22,000	38,200
Conference	16,000	18,400	25,600	13,000	20,600	16,600
Consumer Show	167,600	178,300	177,100	163,700	184,900	174,400
Convention	44,200	7,500	17,500	50,500	36,000	9,800
Family Show	56,900	39,800	49,000	37,800	51,100	50,200
Festival	131,900	154,700	155,400	207,800	203,000	166,900
Meeting*	6,600	10,600	6,600	11,200	6,400	8,800
Sporting Event	75,600	95,800	101,700	92,700	121,900	136,800
Trade Show	8,300	10,800	13,900	14,100	13,800	12,000
<b>Total Attendance</b>	<b>699,600</b>	<b>768,200</b>	<b>742,100</b>	<b>791,400</b>	<b>854,400</b>	<b>810,800</b>

Source: Alliant Energy Center, Hunden Strategic Partners  
 \*Meeting Category includes Testing/Exam and Civic Event Categories

## St. Cloud – River's Edge Convention Center

Located in St. Cloud, Minnesota, River's Edge Convention Center opened in 1989 and was renovated in 2012. The facility offers more than 88,000 square feet of total event space, including four exhibit halls that add up to over 60,000 square feet. The facility also features 19 breakout rooms.

A detailed breakdown of events is shown in the adjacent table. While the venue is a destination for conferences and social events, conversations with facility management indicated that the facility suffers from the lack of a carpeted ballroom and walkable hotel rooms (385). A 2017 study recommended the development of a new headquarter hotel for the venue.

**St. Cloud River's Edge Convention Center - Historic Data**

Type	2015	2016
City Event	20	19
Conference	48	55
Consumer Show/Expo	25	23
Convention	3	9
Corporate	0	1
Entertainment	7	7
Fundraiser	18	19
Meeting	138	95
Seminar	10	25
Social	35	35
Sporting Event	4	4
Trade Show	9	6
Wedding	45	29
<b>Total Events</b>	<b>362</b>	<b>327</b>
<b>Total Event Days</b>	<b>547</b>	<b>530</b>
<b>Total Attendance</b>	<b>159,181</b>	<b>159,340</b>

Source: St. Cloud River's Edge Convention Center





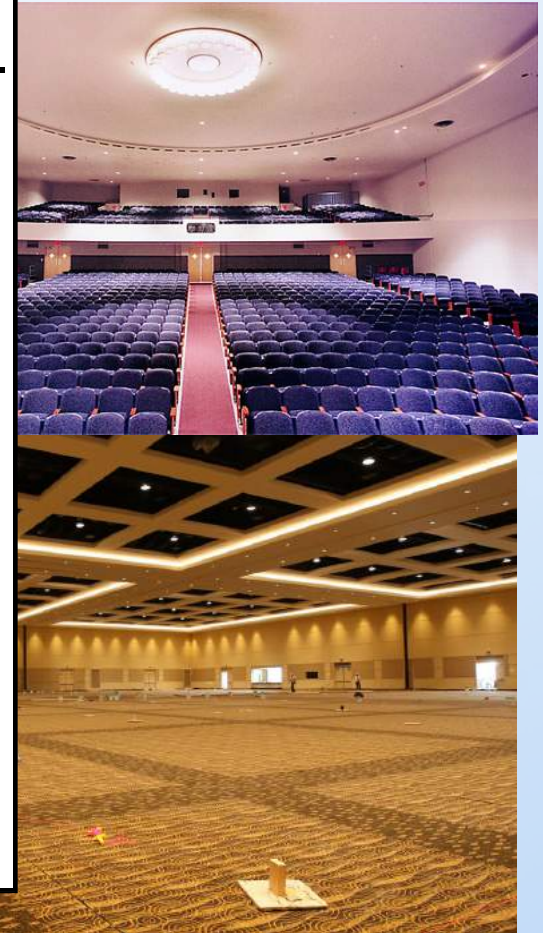
## Mayo Civic Center

In addition to the arena profiled earlier in the report, the Mayo Civic Center offers a variety of meeting and event spaces. These spaces are summarized in the adjacent table. Due to the proximity to the Mayo clinic, the facility attracts a variety of medical meetings. Conversations with facility representatives indicated that the presence of the Mayo Clinic also makes it more difficult for the Civic Center to offer enough room blocks for events due to the consistent corporate demand in the market. The facility recently completed an \$84 million expansion that included the development of a 38,000 square foot ballroom and a new meeting rooms package. Any new development in Eau Claire will likely directly compete with Mayo for regional events.

**Mayo Civic Center Room Specifications**

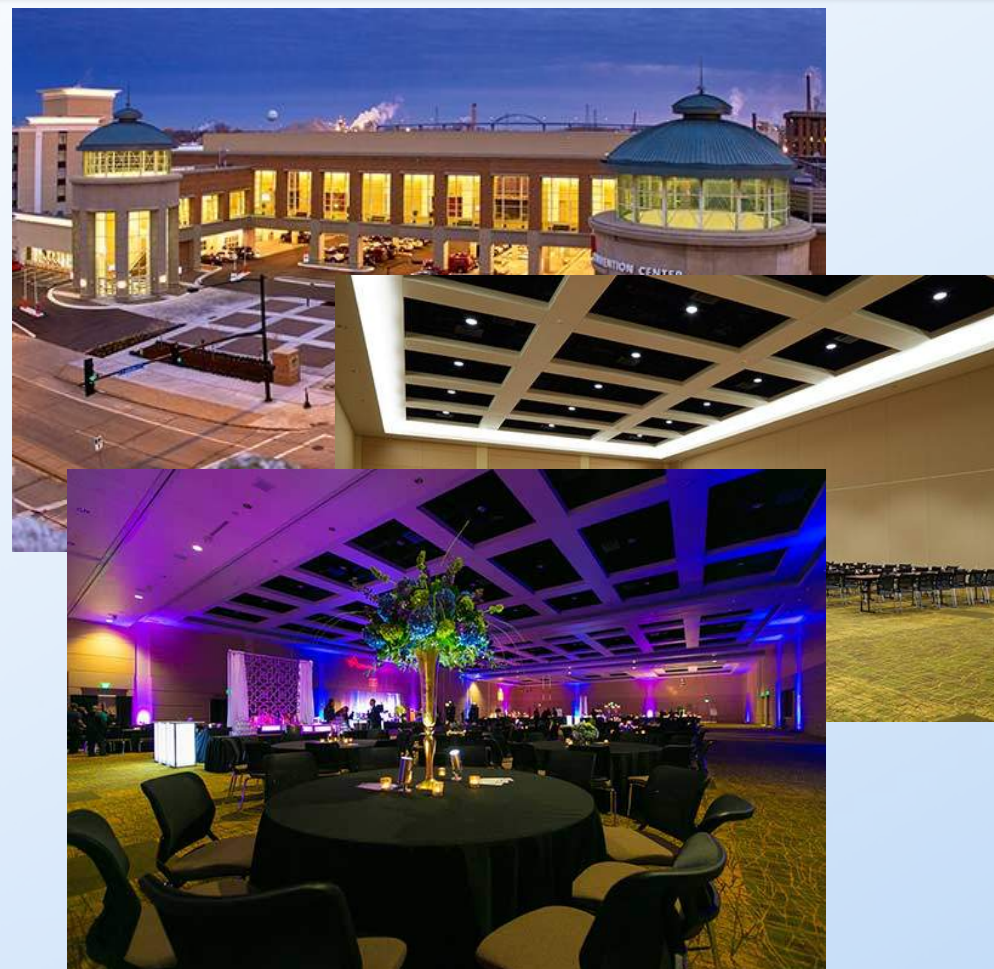
Room	Size (SF)
Arena	25,000
Auditorium	15,810
Ballroom	38,586
<i>Ballroom 1</i>	19,293
<i>Ballroom 2</i>	9,701
<i>Ballroom 3</i>	9,592
Exhibit Hall	25,200
<i>Exhibit Hall 1</i>	3,600
<i>Exhibit Hall 2</i>	2,600
<i>Exhibit Hall 3</i>	3,600
<i>Exhibit Hall 4</i>	15,400
Presentation Hall	8,970
Suites/Meeting Rooms	
101 - 106	2,204*
107 - 114	1,748*
<i>Riverview A</i>	837
<i>Riverview B</i>	1,188
<i>Riverview C &amp; D</i>	1,584*
<i>Riverview E</i>	783
<i>McDonnell Room</i>	1,024
<i>American Legion</i>	1,280
<i>Executive Boardroom 1</i>	480
<i>Executive Boardroom 2</i>	540

Source: Mayo Civic Center



## KI Convention Center

The KI Convention Center is located in Green Bay, WI, and is attached to the Hyatt Regency Hotel. The KI Convention Center is the largest meeting facility in northeastern Wisconsin, featuring nearly 80,000 square feet of meeting space. The venue offers 35,000 square feet of exhibit space and 19 breakout rooms. The convention center is located in close proximity to downtown Green Bay and has access to over 600 covered parking spaces. The facility completed an expansion in 2015 that included the development of a 24,500-square foot ballroom and 5,300 square feet of meeting space. Due to the size of its function space, its quality, and its location within the state, the KI Convention Center will likely be a primary competitor of a new convention facility in Eau Claire.





## Local Stakeholder Feedback

HSP met with key local stakeholders, including city officials, CVB representatives, and economic development to better understand their views of the event market. Feedback from those conversations included the following:

- Eau Claire is consistently losing business and events due to the lack of an adequate facility. The majority is lost due to capacity/size of the existing venues.
- State association business is a major opportunity due to lack of competitive facilities in northwest Wisconsin. Eau Claire is not seriously considered by associations currently.
- Smaller corporate events are typically occurring at local hotels. It is important that a new facility is not directly competing with these spaces.
- The closure of the Plaza has resulted in the loss of many events. It was one of the primary venues in the local market.
- Hotels are turning away social events (banquets and weddings) due to lack of space.
- Healthcare and tech offer a significant opportunity in Eau Claire due to their industry presence locally.
- The market lacks a venue that offers connected exhibit space, ballroom space, and breakout/meeting rooms.
- Eau Claire is consistently losing sporting events due to lack of space. Roughly 40,000 square feet would be ideal.
- Events of 800 to 1,200 people are the biggest need in the local market.

## Pinnacle Events

Conversations with representatives from Pinnacle Events indicated the following:

- Pinnacle Events owns and operates four events in Eau Claire ranging from 1,000 to 8,000 attendees and up to 200 vendors.
- They are currently using the Chippewa Valley Expo Center for three larger events and the Lismore hotel for the smaller events.
- Pinnacle utilizes all available space at Chippewa Valley, and they are in need of more exhibit space.
- Pinnacle is utilizing all meetings space at the Lismore as well for their nicer, higher-quality events.
- Ideally, any new development in Eau Claire would offer 100,000 square feet of open floor exhibit space.
- A 14-foot overhead door, electrical outlets, 20-foot ceilings, loading docks, and parking for 1,000 minimum would be crucial for Pinnacle events. The group has no need for traditional ballroom or breakout rooms.
- A liquor license will be critical, as it is a primary challenge with the current facility at the Chippewa Valley Expo Center.
- Eau Claire lost many events when the plaza closed, so there is a definite opportunity for a new, flexible event venue in Eau Claire.

## League of Wisconsin Municipalities

Conversations with representatives from the League of Wisconsin Municipalities indicated the following:

- There are about 40 events held annually in the state of Wisconsin. The majority of these events occur between April and November.
- They have held events in Eau Claire in the past at the Clarion Hotel. However, the property is aging and parking at the facility can present challenges.
- Their largest event requires space for approximately 100 people. An annual conference of 500 people is beginning in 2019.
- La Crosse is currently one of the few viable options for their events. However, they have had a hard time negotiating hotel contracts with up to five separate hotels.
- Green Bay offers a meetings package with two hotels within walking distance of a large exhibit center.
- Northwest Wisconsin is lacking in an appropriate facility. Eau Claire has a promising location and a vibrant downtown. A new facility in Eau Claire would absolutely be considered for future events.

## American Legion – Department of Wisconsin

Conversations with representatives from the American Legion Department of Wisconsin indicated the following:

- The American Legion is the largest veterans service organization in the state with more than 60,000 members.
- The annual convention, which is the largest event each year, occurs during the second or third weekend in July. Roughly 13 to 15 breakout rooms and 250 to 260 adjacent hotel rooms are needed for this event.
- The American Legion has annual convention needs for 500, 300, and 100 attendees.
- They traditionally hold their events at the Radisson in Appleton and the Marriott West in Madison. This year they will be at the Best Western Premier in Oshkosh despite limited space.
- They have considered Eau Claire in the past. However, losing the Plaza was a huge loss for meeting planners. Due to Menards being an expo center, they cannot hold their events there. A new event facility with quality ballroom space and breakout rooms would be strongly considered by the group.

## Travel Wisconsin

Conversation with representatives from Travel Wisconsin indicated the following:

- The largest annual conference is the Governor's Conference on Tourism which consists of 1,000 people and requires 75,000 SF of meeting space. In addition, two divisible large rooms, pre-function space, and a peak of 500 rooms are desired.
- There are also several smaller conferences throughout the year that typically consist of 500 to 600 people, 40,000 SF of meeting space, and a peak of 400 rooms.
- Both conference types rotate around the state.
- Visit Wisconsin recently booked an event in Eau Claire for the first time.
- Due to Eau Claire being uniquely positioned within the state, they are optimistic about a new facility. They noted that corporate growth has been solid, and northwest Wisconsin could use more meeting facilities. There is plenty of state business to go around.
- Visit Wisconsin typically designs their agenda to fit the facility. A new venue in Eau Claire would be strongly considered for annual events.



## Wisconsin Motor Carriers Association

Conversations with representatives from the Wisconsin Motor Carriers Association indicated the following:

- The majority of their events are convention seminars or fundraising events. These events range from 15 to 200 people.
- Parking is an issue at all events. Proximity to the highway is ideal. Venues with bars and restaurants close by is a bonus, and would be preferred.
- The furthest north the group has gone for an event is Green Bay. They are generally satisfied with the KI Convention Center.
- Any destination that is convenient for truck drivers is essential for a good turnout. This makes northeast Wisconsin more attractive for future events. However, they do like to rotate events.
- The Wisconsin Motor Carrier Association indicated that they would be interested in hosting an event in Eau Claire if a new, high-quality facility were developed.

## Wisconsin Education Association Council

Conversations with representatives from the Wisconsin Education Association Council indicated the following:

- The Wisconsin Education Association Council is a teachers organization for the state of Wisconsin.
- Past events have been held in Madison, Green Bay, La Crosse and Milwaukee.
- Each year there is one large, two-day event consisting of 400 to 500 people. Five breakout rooms are needed and about 400 room nights are generated. This event is typically held in the spring.
- The organization also hosts 20 smaller events each year. One of these smaller events has been in Eau Claire at the Lismore.
- There is definite potential for a new facility in Eau Claire to host larger events. The positioning in the northwest area of the state is a major advantage over competitive destinations.

## BluePrint Events

Conversations with representatives from BluePrint Events indicated the following:

- BluePrint Events is an independent event planner that focuses on corporate events, conferences, and fundraisers.
- Events range from 200 to 1000 people. Over the past few years, companies have been sending less representatives to conferences.
- The organization plans one or two conferences each year in Green Bay (Radisson), the Wisconsin Dells (Kalahari), and Milwaukee.
- Their ideal facility includes 10 to 12 breakout rooms, walkable amenities, and interactive spaces. Divisible ballrooms are preferred for flexibility. They also look for a more modern feel for their event spaces. Typically, their events average approximately 1,000 attendees.
- They have previously planned an event in Eau Claire at the Lismore.
- The group organizes a statewide domestic abuse convention each year. Currently, they feel that there are only three or four appropriate facilities in the market. A new convention facility in Eau Claire would be strongly considered.

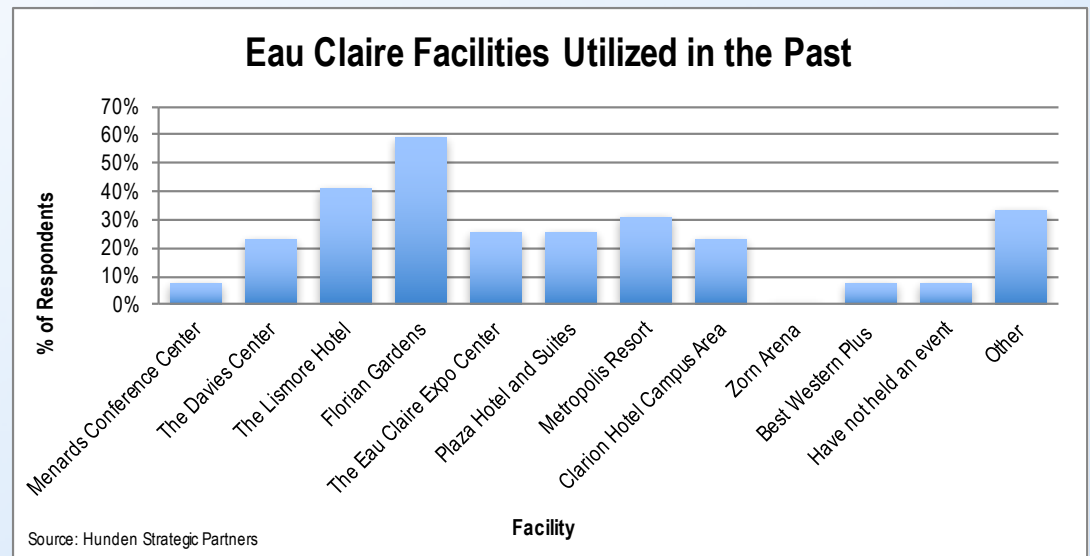
## Minnesota Mayhem

Conversations with representatives from the Minnesota Mayhem indicated the following:

- Minnesota Mayhem is a fitness company that specializes in bodybuilding events.
- The events bring viewers from across the country and typically sells 2,300 tickets (events cap at 300 participants).
- There are six Midwest regional events planned for 2018 in Michigan, Wisconsin, and Minnesota. The group typically uses venues built for plays and concerts, but they also utilize convention facilities when appropriate.
- The lack of a facility with a “wow factor” hinders Eau Claire. However, they will hold an event at the Chippewa Expo Center in 2018, their first event in the market.
- An ideal facility would include seating for 1,500, dressing room space, and a green room. If developed properly, a new facility could host two events per year, one in the spring and one in the fall.

## Corporate Survey

While major conventions will likely be generated by regional meeting planners and associations, a convention center cannot thrive without demand generated by local groups. In order to understand the local demand for meeting and event space, HSP distributed a survey through the Eau Claire Chamber of commerce to the largest employers in the market. In total, HSP received 40 full or partial responses. 93 percent of respondents indicated that they were located within Eau Claire. The adjacent figure shows which facilities in Eau Claire have been utilized in the past by local corporations. Respondents indicated that Florian Gardens (59%) and The Lismore Hotel (41%) were the most used.

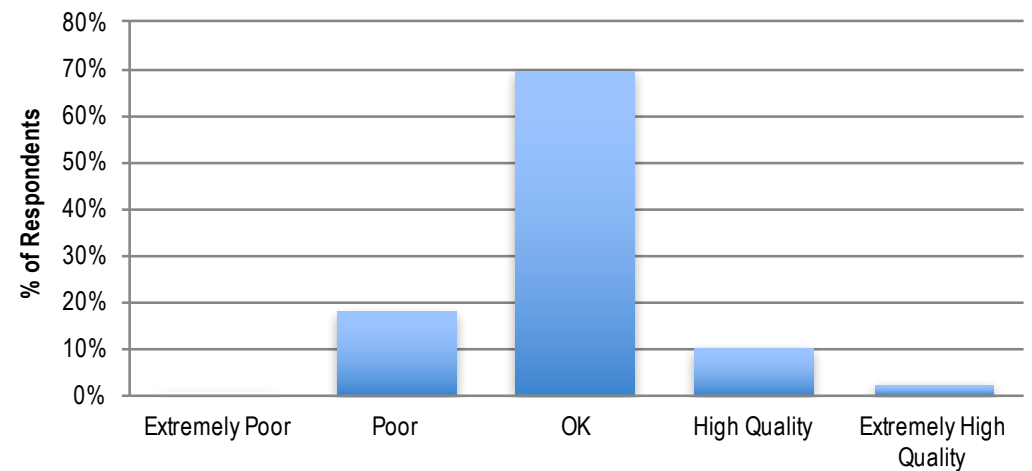




## Corporate Survey

Local corporate respondents generally described the existing meeting and event venues as “OK” (69%). There were more indications of “poor” than “high quality” or “extremely high quality.”

### Quality of Existing Meeting/Event Venues in Eau Claire

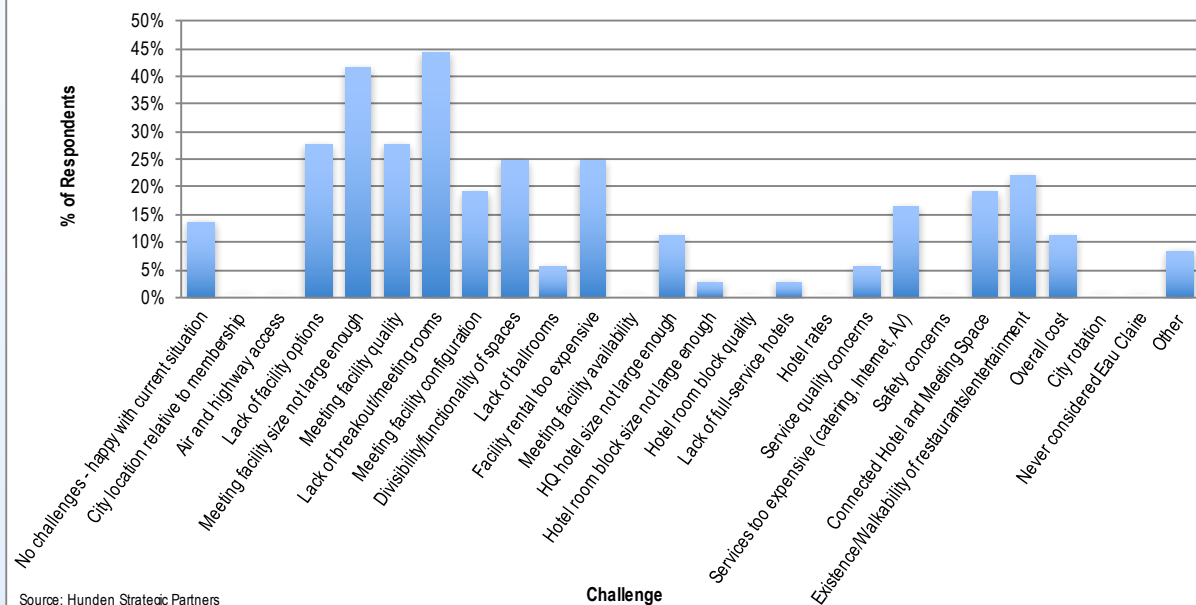


Source: Hunden Strategic Partners

## Corporate Survey

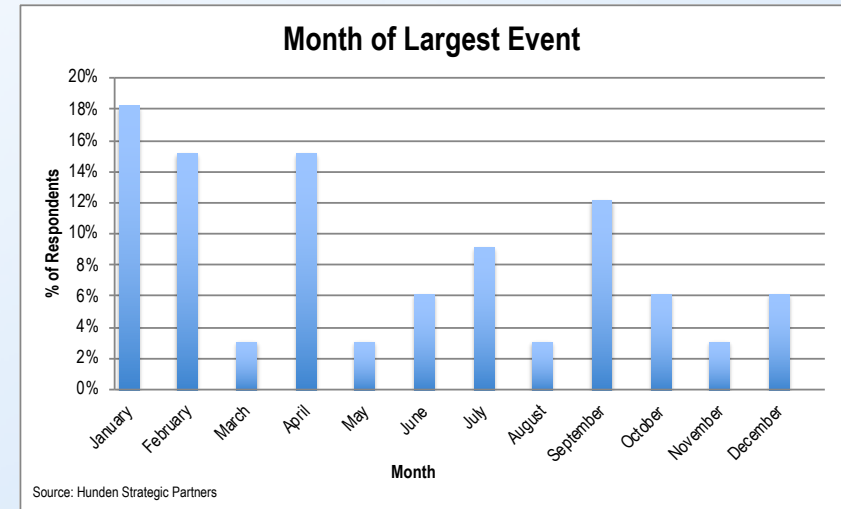
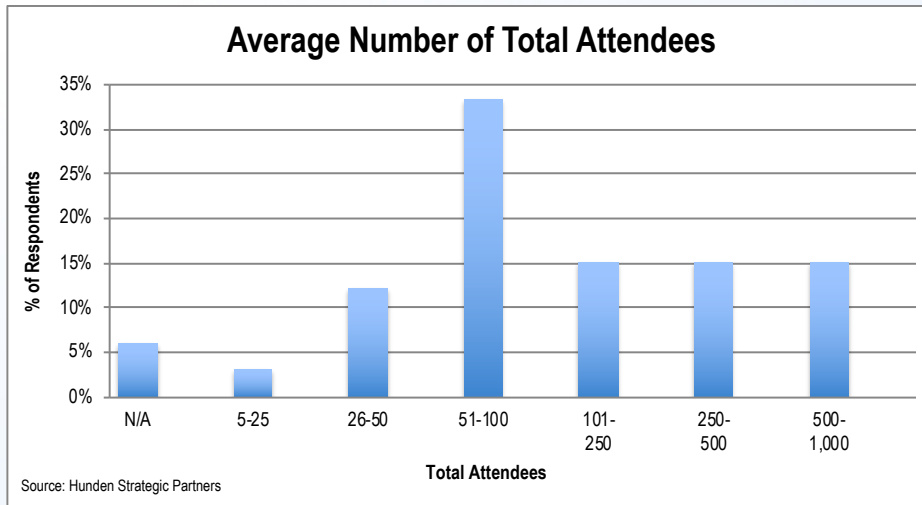
The primary challenges with the existing venues in Eau Claire are lack of breakout rooms (44%), meeting facility size (42%), and lack of facility options (27%), according to local employers. The majority of the concerns were related to the spaces available and the flexibility of those spaces, however, 22 percent of respondents also indicated that the existence/walkability of restaurants and entertainment is also a challenge.

**Primary Challenges with the Existing Meeting/Facilities in Eau Claire**



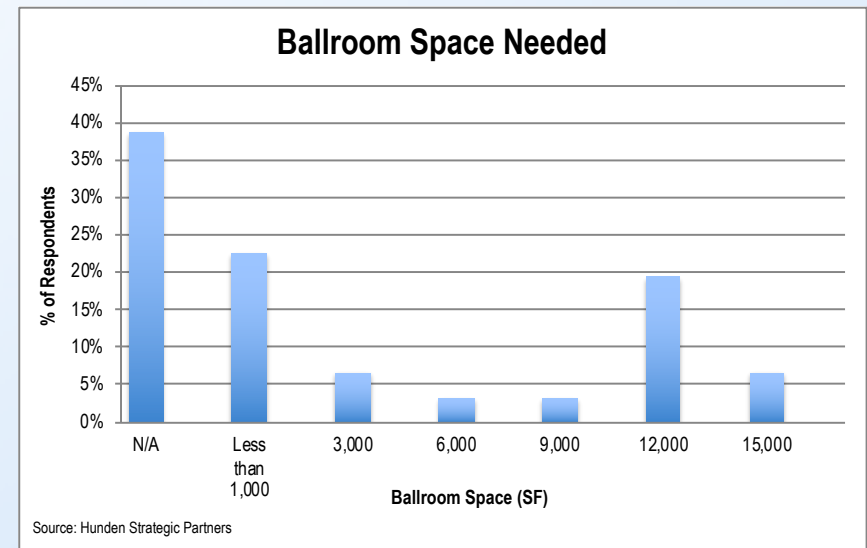
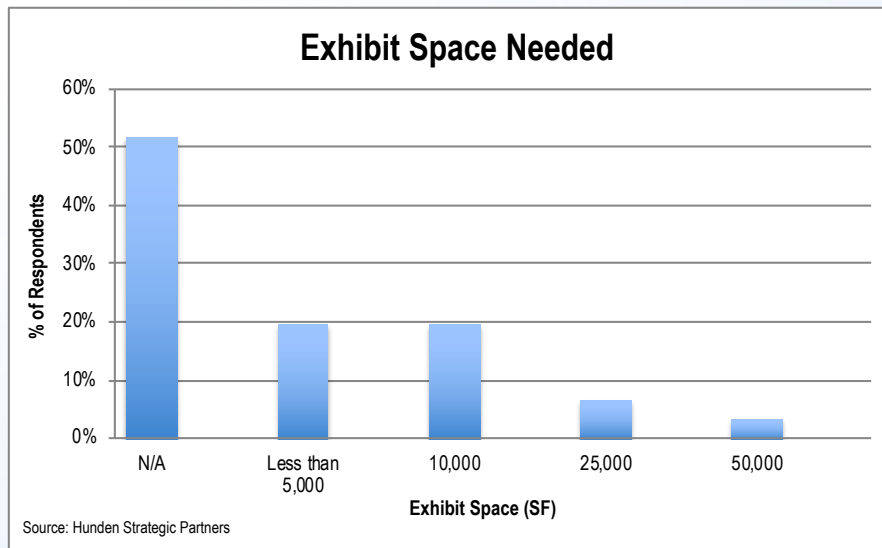
Source: Hunden Strategic Partners

## Corporate Survey



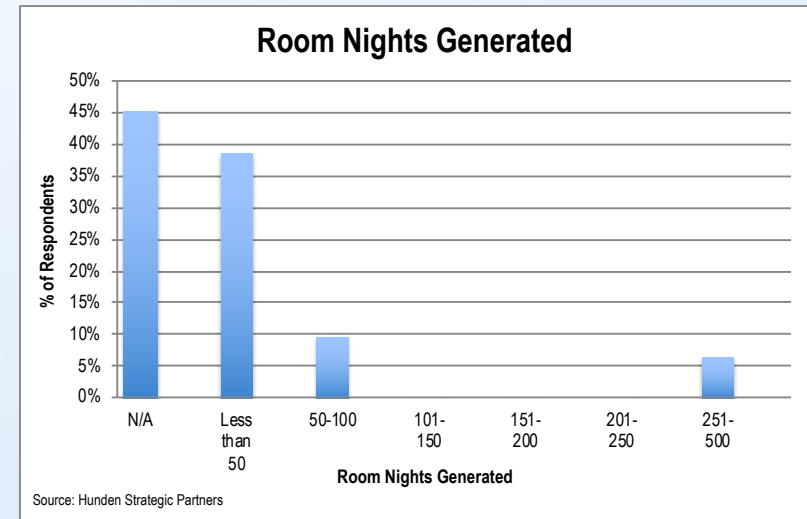
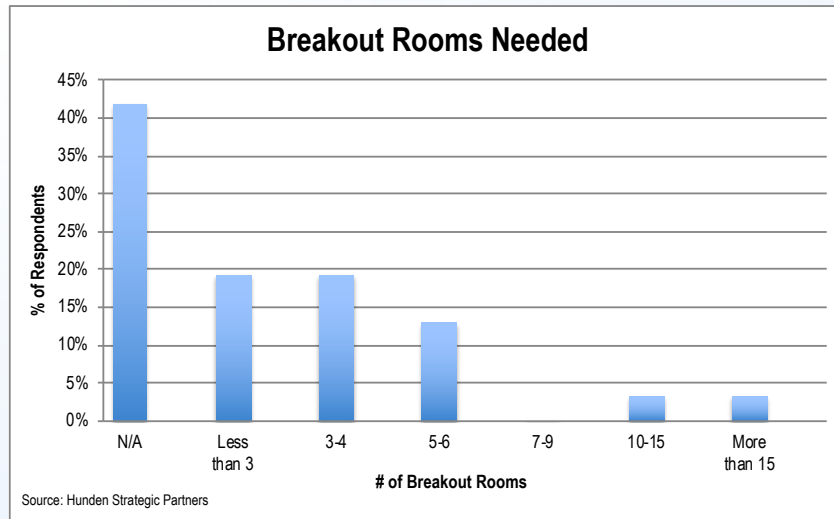
Approximately 33 percent of respondents indicated that their events had between 51 and 100 attendees. This is common for local corporate events, as they will not generate the visitation and impact of regional conventions. At nearly 20 percent, January was the most popular month for corporate events, followed by February and April, at around 15 percent.

## Corporate Survey



Over 50 percent of respondents indicated their local events do not require exhibit space. For ballroom space, the majority of the local respondents indicated that their event utilizes either minimal ballrooms space, or more than 12,000 square feet of ballroom space.

## Corporate Survey



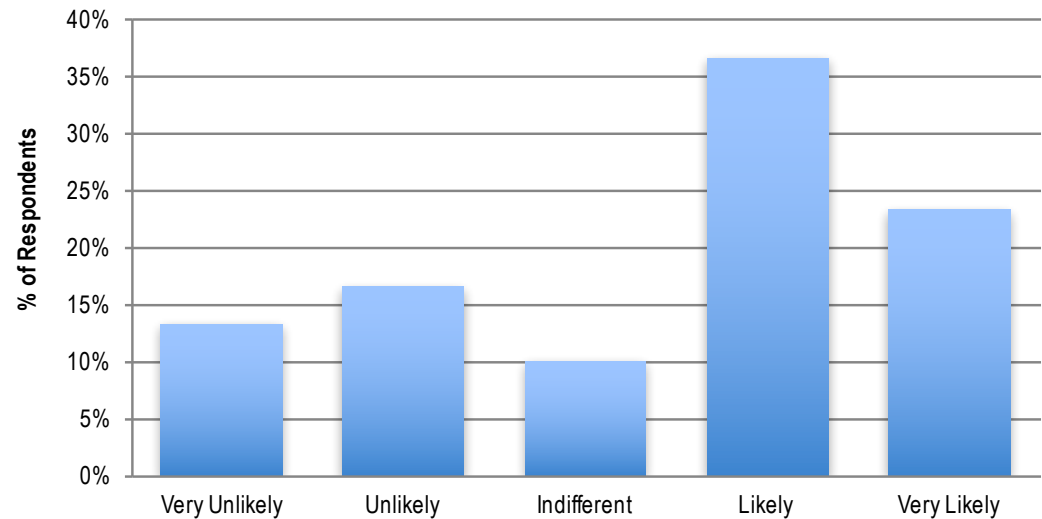
Over 90 percent of respondents indicated that six breakout rooms or less are needed. Additionally, since most companies surveyed are located in Eau Claire, these events generate minimal to no room nights.



## Corporate Survey

When asked to consider a new convention center development in Eau Claire that would accommodate their event needs, over 60 percent of respondents indicated that they would be “likely” or “very likely” to expand their existing event or bring a new event to Eau Claire.

### Likelihood of Expanding Existing Event or Bringing a New Event to Eau Claire



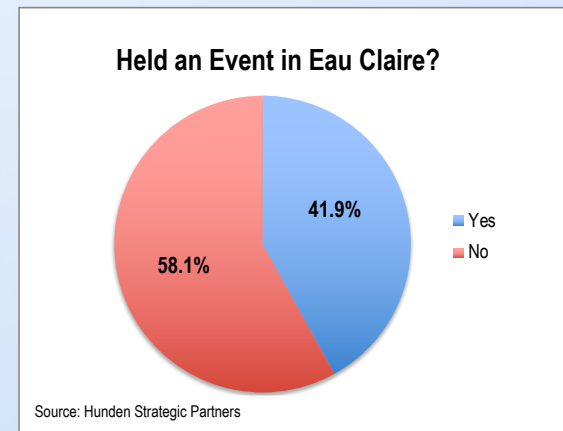
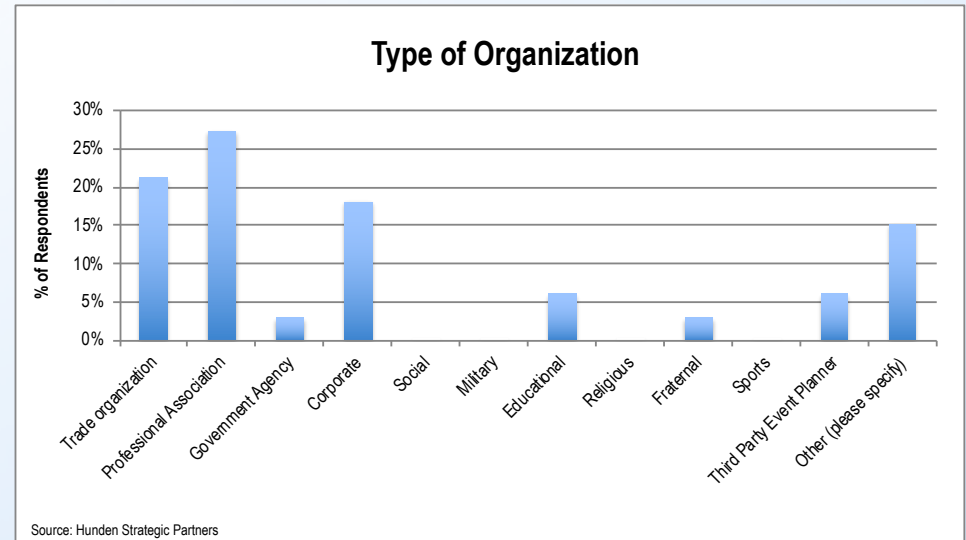
Source: Hunden Strategic Partners

## Chapter 4

# Meeting Planner Survey

## Meeting Planner Survey

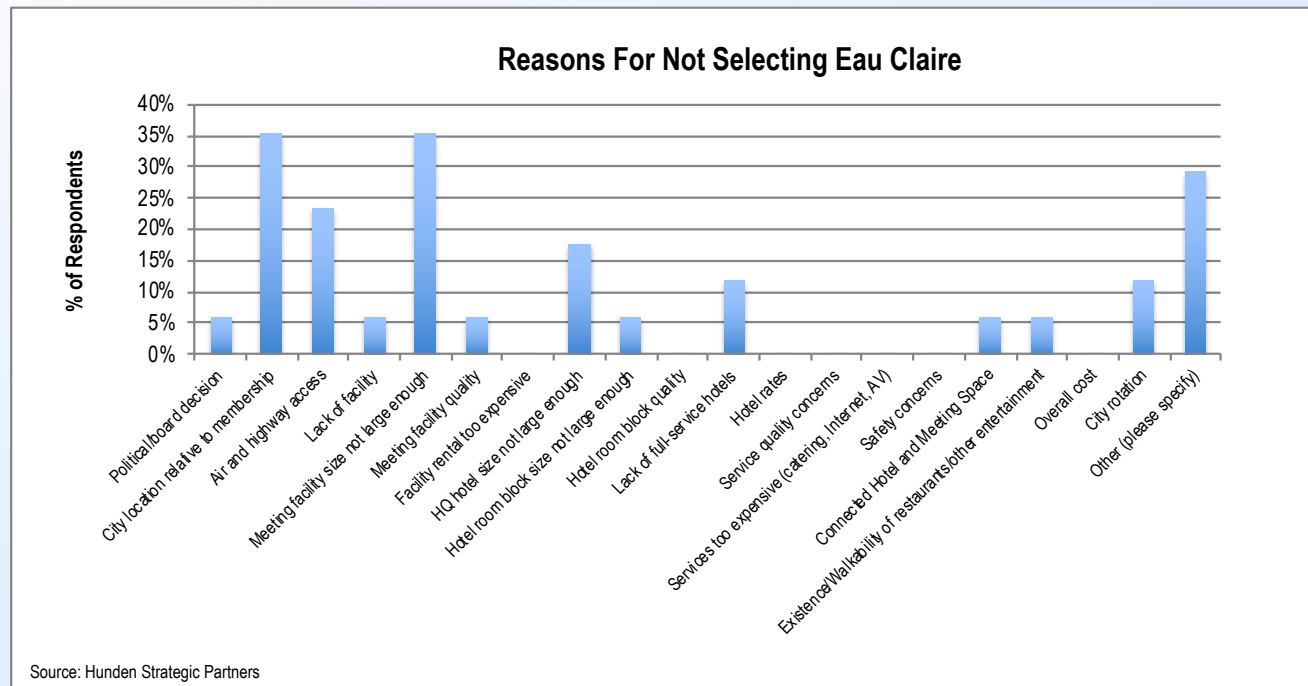
In addition to local corporate demand, understanding the potential demand from statewide association events is critical to gauging the opportunity for convention center development in Eau Claire. Meeting planner surveys were distributed to 358 Wisconsin meeting planner contacts. To date, HSP has received 33 full or partial responses. Professional associations, trade organizations, and corporate groups accounted for the majority of the respondents, as shown in the adjacent table. Nearly 60 percent of respondents have not held an event in Eau Claire.



## Meeting Planner Survey

Statewide meeting planners indicated that the primary reasons for not selecting Eau Claire was the size of the existing venues, as well as location relative to their membership.

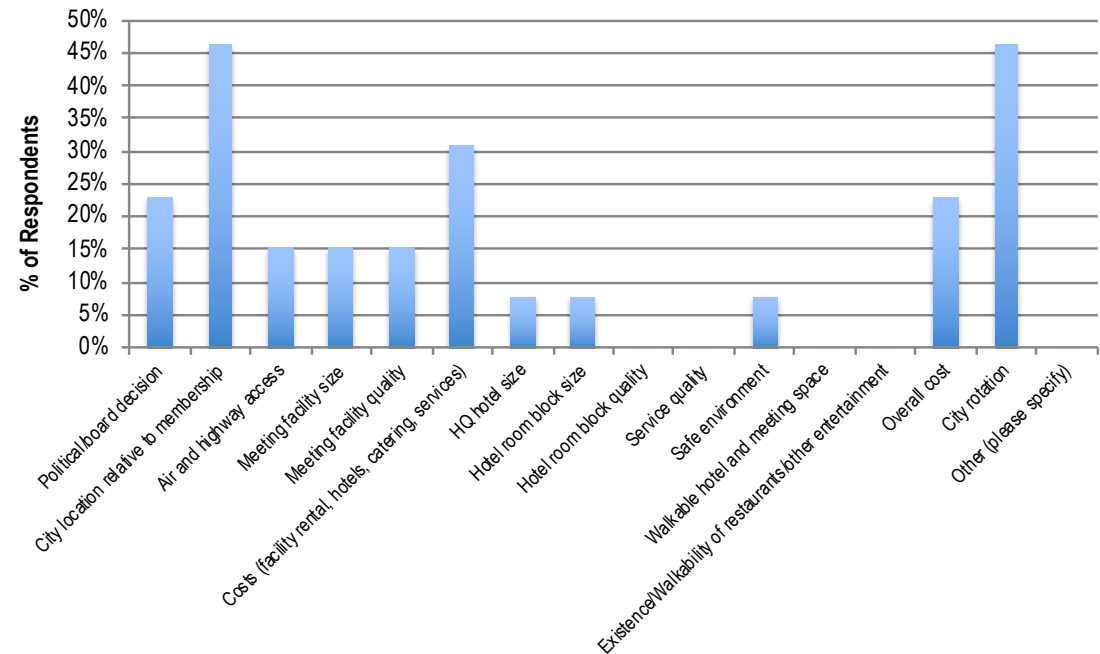
Other reasons included air and highway access and issues with the size of the hotel, or lack of service. These responses suggest that if Eau Claire were to develop a new, larger convention facility with an attached hotel, many of the concerns from regional meeting planners would be eased.



## Meeting Planner Survey

The primary reasons for selecting Eau Claire were the city's location relative to the organizations, and city rotation (46%). Cost for facility rental, hotels, catering, and services was also important to respondents (31%). This indicates that Eau Claire's unique position within the state provides a competitive advantage, and with an appropriate facility, could be leveraged even more.

Reasons For Selecting Eau Claire



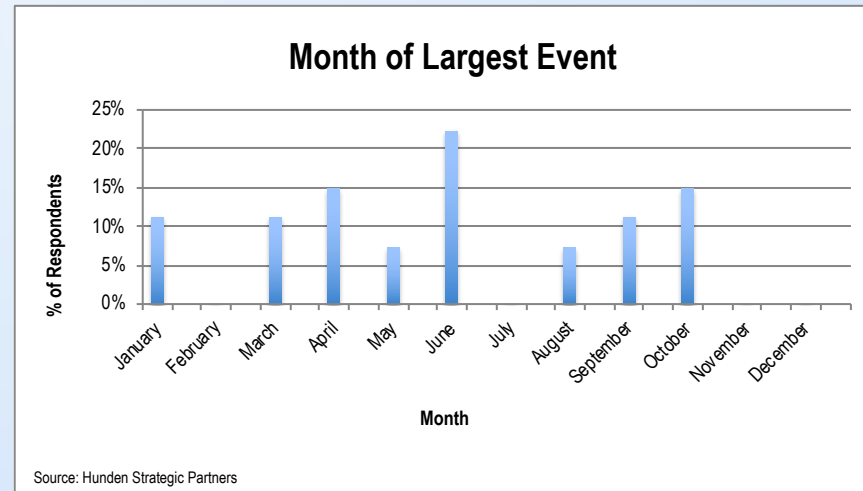
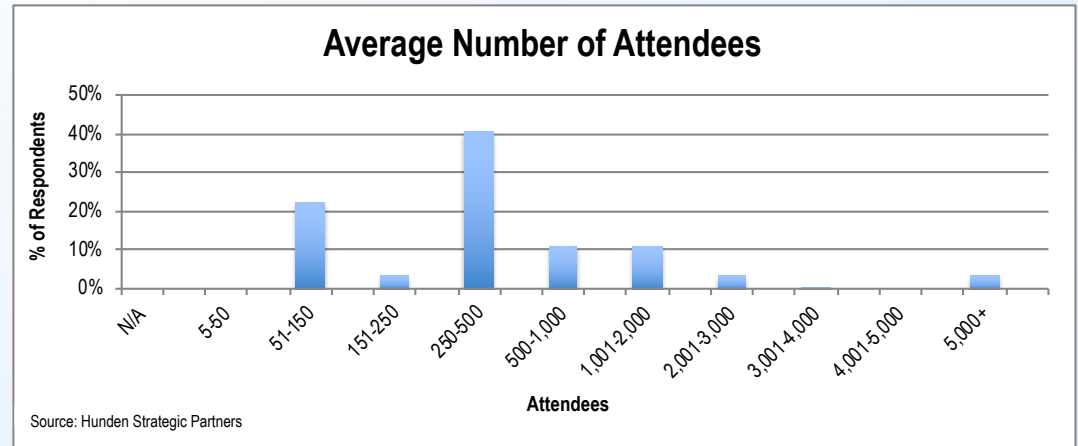
Source: Hunden Strategic Partners



## Meeting Planner Survey

As shown in the top table, the majority of the statewide events had less than 2,000 attendees, with most events (41%) having between 250 and 500 attendees.

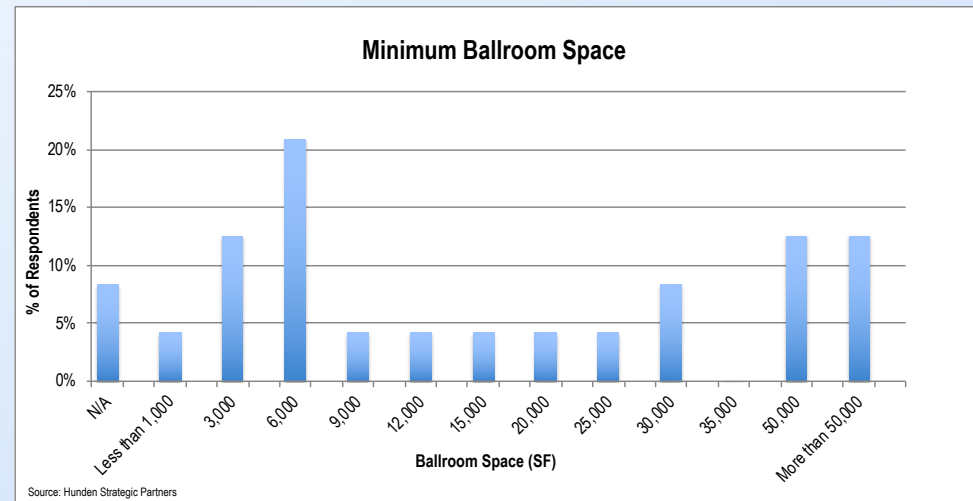
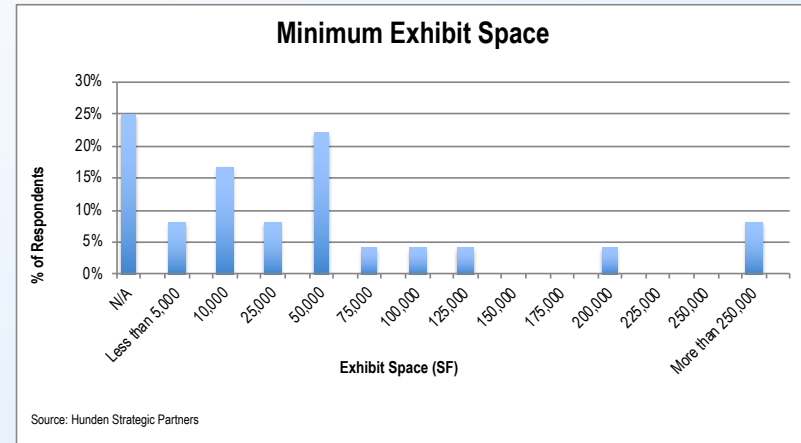
June was indicated as being the most common month for events (22%). However, April and October were also popular (15%).



## Meeting Planner Survey

As shown in the top table, the majority of meeting planners (81%) indicated that they need 50,000 square feet of exhibit space or less for their events.

Meeting planners were fairly split on ballroom space. While many need less than 10,000 square feet of space (50%), 25 percent indicated a need for 50,000 square feet or greater.

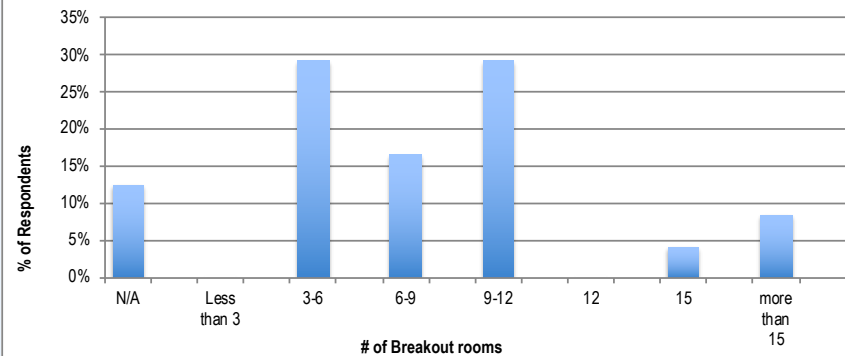


## Meeting Planner Survey

The majority of respondents (75%) indicated a need for between three and 12 breakout rooms. Only about eight percent of meeting planners indicated a need for more than 15 breakout rooms.

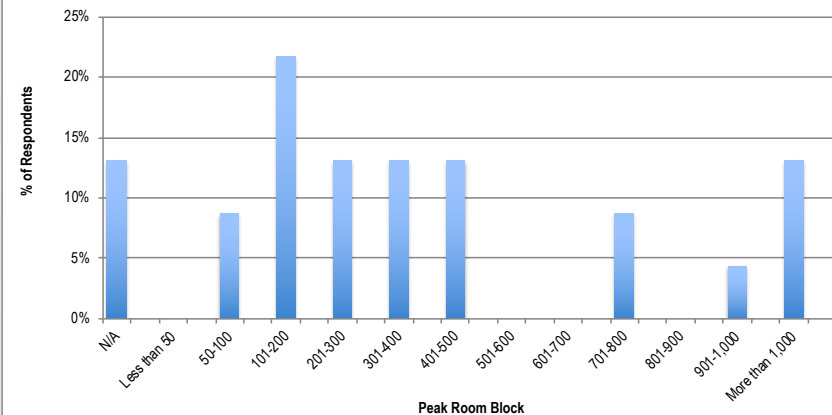
When asked about peak room blocks, over 60 percent of respondents needed between 100 and 500 rooms. Only 13 percent of respondents indicated a need for more than 1,000 rooms.

Number of Breakout Rooms



Source: Hunden Strategic Partners

Peak Room Block

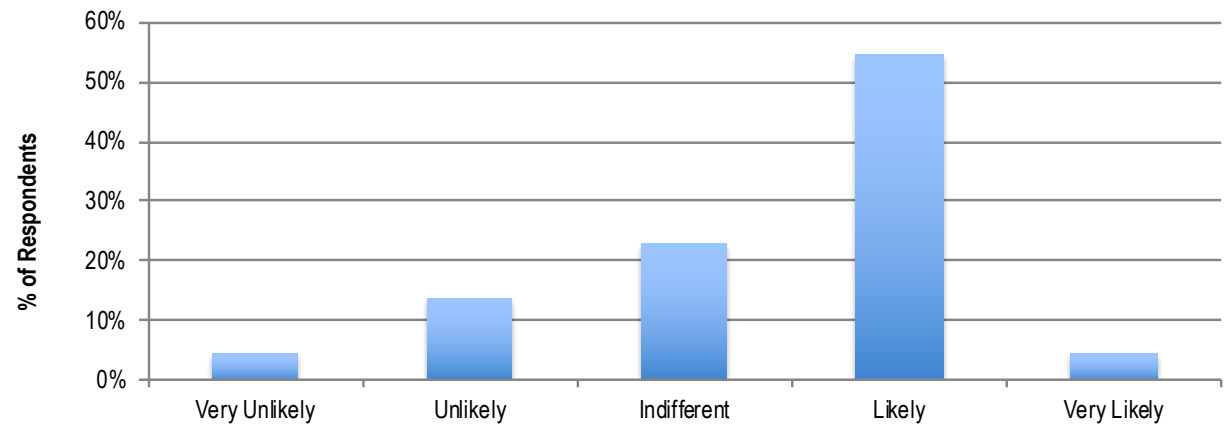


Source: Hunden Strategic Partners

## Meeting Planner Survey

When presented with an optimal event facility development scenario for their event, the majority of respondents (60%) indicated that they would be “likely” or “very likely” to hold an event in Eau Claire. This is a strong indicator of the market opportunity for a new convention center development in Eau Claire.

### Development Scenarios Impact on Likelihood of Bringing New Events



Source: Hunden Strategic Partners

## Meeting Planner Survey

The adjacent table summarizes the past destination for statewide meeting planners. Wisconsin Dells and Madison were the top in-state destination for surveyed Wisconsin state associations and meeting planners.

When asked what was attractive about Eau Claire as a meeting destination, respondents indicated the following:

- Attractions/things to do
- Proximity to membership
- New/unique location
- Location in the state

### Wisconsin - Past Meeting Venues

Facility	# of Responses
Glacier Canyon Lodge	6
Monona Terrace	3
La Crosse Center	3
Alliant Energy Center	2
Kalahari	2
Chula Vista	2
KI Convention Center	2
Radisson Green Bay	1
Holiday Inn Manitowoc	1
Potawatomi	1
Heidel House	1
Wilderness Conference Cen	1
Marriott West Madison	1
Holiday Inn Madison	1
Hyatt Green Bay	1

Source: Hunden Partners



## Chapter 5

# Hotel Market Analysis

## National Hotel Trends

A thorough understanding of the national hotel market and relevant industry trends is important to the development prospects of any hotel project, whether it involves macro supply and demand issues, amenity trends, financing or other trends impacting the industry.

The latest recession, beginning in 2008, was the most severe recorded in the hotel industry post-depression. In the years following the recession, occupancy peaked to an all-time industry high of 66.7 percent in 2016, consistently increasing on an annual basis starting in 2009 with an occupancy of 54.5 percent. Performance in 2016 was a 1.7 percent increase over 2015.

Additionally, ADR followed a similar trend, continuously increasing year over year from \$98.02 in 2010 to \$124 in 2016. This equates to 3.3 percent higher than in 2015. Revenue per available room (RevPAR) also increased in 2016 to \$83.00, which was a 5.5 percent over 2015. However, the hotel industry has experienced slight pullbacks in occupancy and revenue per available room through June, 2017 while ADR has experienced a slight uptick.

National Lodging Industry Annual Summary						
Year	Occupancy	Change	Average Daily Rate	Change	Revenue per Available Room	Change
1992	61.9%	--	\$59.62	--	\$36.90	--
1993	63.1%	1.9%	\$61.30	2.8%	\$38.68	4.8%
1994	64.7%	2.5%	\$64.24	4.8%	\$41.56	7.4%
1995	65.1%	0.6%	\$67.17	4.6%	\$43.73	5.2%
1996	65.0%	-0.2%	\$70.81	5.4%	\$46.03	5.3%
1997	64.5%	-0.8%	\$75.31	6.4%	\$48.57	5.5%
1998	63.8%	-1.1%	\$78.15	3.8%	\$49.86	2.7%
1999	63.1%	-1.1%	\$81.29	4.0%	\$51.29	2.9%
2000	63.5%	0.6%	\$85.24	4.9%	\$54.13	5.5%
2001	59.8%	-5.8%	\$84.45	-0.9%	\$50.50	-6.7%
2002	59.0%	-1.3%	\$83.20	-1.5%	\$49.09	-2.8%
2003	59.2%	0.3%	\$83.28	0.1%	\$49.30	0.4%
2004	61.3%	3.5%	\$86.70	4.1%	\$53.15	7.8%
2005	63.1%	2.9%	\$91.29	5.3%	\$57.61	8.4%
2006	64.2%	1.7%	\$96.77	6.0%	\$62.13	7.8%
2007	64.1%	-0.2%	\$102.38	5.8%	\$65.63	5.6%
2008	60.4%	-5.8%	\$106.55	4.1%	\$65.61	0.0%
2009	54.5%	-9.8%	\$98.20	-7.8%	\$53.55	-18.4%
2010	57.6%	5.7%	\$98.08	-0.1%	\$56.47	5.5%
2011	60.1%	4.3%	\$101.64	3.6%	\$61.06	8.1%
2012	61.4%	2.2%	\$106.10	4.4%	\$65.17	6.7%
2013	62.3%	1.5%	\$110.35	4.0%	\$68.69	5.4%
2014	65.0%	4.3%	\$115.26	4.4%	\$75.66	10.1%
2015	65.6%	0.9%	\$120.01	4.1%	\$78.67	4.0%
2016	66.7%	1.7%	\$124.00	3.3%	\$83.00	5.5%
2017 YTD (June)	65.4%	-1.9%	\$126.01	1.6%	\$82.35	-0.8%
Avg. Annual Growth Rate		0.4%		3.1%		3.6%

Source: Smith Travel Research, HSP

## National Hotel Trends

The following table shows the number of existing hotel rooms, rooms under construction, and rooms in the active pipeline as of June 2017, sorted by chain scale.

Between July 2016 and June 2017, the hotel industry increased its total year over year supply for the seventh consecutive year, excluding between 2011 and 2012. This equated to a 1.5 percent annual increase, resulting in more than 50,000 rooms. Among the chain scale segments, the luxury segment expanded the most during this period, increasing by 10.7 percent over the prior year. As of the end of June 2017, more than 186,000 hotel rooms were under construction, and there were more than 583,000 rooms in the active development pipeline.

U.S. Active Pipeline by Chain Scale As of June, 2017						
Chain Scale	Preliminary Existing Supply	Year Over Year Percent Change	Rooms Under Construction	Year Over Year Percent Change	Total Active Pipeline	Year Over Year Percent Change
Luxury	120,740	10.7%	7,782	2.2%	13,858	8.3%
Upper Upscale	597,753	2.7%	26,783	31.1%	58,470	21.1%
Upscale	708,490	5.5%	58,833	4.0%	160,615	9.7%
Upper Midscale	919,847	2.8%	62,237	18.7%	190,520	8.3%
Midscale	479,933	1.4%	9,505	48.2%	57,150	65.7%
Economy	781,048	-0.1%	2,440	128.0%	11,157	160.1%
Unaffiliated	1,515,576	-1.2%	19,365	11.4%	91,258	-8.9%
<b>Total</b>	<b>5,123,387</b>	<b>1.5%</b>	<b>186,945</b>	<b>12.4%</b>	<b>583,028</b>	<b>11.6%</b>

Source: Smith Travel Research

## National Hotel Trends

The hotel development pipeline had been robust until 2008, when the credit crisis hit and real estate across all sectors declined. This made credit more expensive, and the combination of lack of funds and poor market performance essentially stopped new developments in 2009. Since 2009 credit has loosened for hotels and more loans were made for the hospitality sector beginning in 2012. Currently, the market is strong, and funding (both equity and debt) is more widely available. Demand outpaced supply for so many years during the recession, and has continued to outpace supply growth such that new hotel development continues to be feasible in many markets.

	Land	Hard Costs	Soft Costs	Pre-Opening & Working Capital	FF&E	Development Fee	Total
<b>Midscale Hotels</b>							
Average from Budgets	\$20,000	\$79,000	\$16,000	\$100	\$10,000	\$7,000	\$115,000
Allocation	16%	71%	11%	1%	9%	6%	
<b>Upper Midscale Hotels</b>							
Average from Budgets	\$20,000	\$94,000	\$12,000	\$3,000	\$16,000	\$6,000	\$145,000
Allocation	13%	66%	8%	2%	12%	4%	
<b>Upscale Hotels</b>							
Average from Budgets	\$32,000	\$133,000	\$16,000	\$5,000	\$20,000	\$9,000	\$207,000
Allocation	13%	65%	7%	2%	11%	4%	
<b>Upper Upscale Hotels</b>							
Average from Budgets	\$82,000	\$232,000	\$46,000	\$6,000	\$32,000	\$11,000	\$388,000
Allocation	18%	61%	11%	1%	9%	3%	
<b>Luxury Hotels</b>							
Average from Budgets	\$240,000	\$805,000	\$308,000	\$20,000	\$101,000	\$57,000	\$1,515,000
Allocation	9%	58%	20%	1%	8%	3%	

Source: Cushman & Wakefield Global Hospitality

The adjacent table shows the most current available hotel development cost data for the various quality segments of hotels for the 2016/17 period. These figures are critical when considering which type of hotel to develop. Costs per room vary drastically depending on the chain scale, from a budgeted average of \$115,000 for midscale properties and up to \$1,515,000 for luxury properties. For most developments, the question is whether or not the ADR is greater than the cost per room to build.

## Eau Claire Lodging Summary

The adjacent table summarizes the Eau Claire lodging market by Chain Scale. The total supply includes 29 properties, all of which are within eight miles of downtown. Upper midscale properties account for 37 percent of all rooms, followed by economy/ independent at 33 percent, and upscale properties accounting for 14 percent.

The average age of Eau Claire hotels is relatively old at approximately 33 years.

Lodging Summary: Eau Claire Market						
Chain Scale	Rooms	% of Total Rooms	Hotels	Rooms per Hotel	Avg. Opening Year	Avg. Age in Years
Upper Upscale	0	0%	0	0	--	--
Upscale	279	14%	3	93	Apr-93	24
Upper Midscale	745	37%	8	93	Dec-05	12
Midscale	311	16%	5	62	Feb-97	20
Economy / Independent	660	33%	13	51	Apr-64	53
<b>Total / Average</b>	<b>1,995</b>	<b>100%</b>	<b>29</b>	<b>69</b>	<b>Jun-84</b>	<b>33</b>

Source: Smith Travel Research, Hunden Strategic Partners



## Eau Claire Lodging Supply

The adjacent table shows the complete local hotel supply in the Eau Claire market. The Plaza Hotel & Suites Conference Center, which was the largest hotel in the local market, permanently closed in 2016. As shown in the table, there are currently no hotels within 0.4 miles of the proposed Sonnentag site. The closest branded property is the 105-room Hampton Inn and Suites, located 0.7 miles from the proposed convention center site.

Eau Claire Area Hotels				
Property	Distance from Site	Rooms	Chain Scale	Opened
Motel 6 Eau Claire	0.4	98	Economy	Jun-67
Plaza Hotel & Suites Conference Center*	0.4	233	Indep	Jun-63
Americas Best Value Inn Campus View Eau Claire	0.7	120	Economy	Jun-68
Hampton Inn Eau Claire	0.7	105	Upper Midscale	May-92
Scottish Inn & Suites Eau Claire	0.9	42	Economy	Jun-73
Super 8 Eau Claire	0.9	56	Economy	Jun-78
Quality Inn & Suites Eau Claire	0.9	56	Midscale	Dec-90
Best Western Plus Eau Claire Conference Center	1.2	85	Upper Midscale	Sep-98
DoubleTree The Lismore Hotel Eau Claire	1.2	112	Upscale	May-16
Westgate Motel	1.4	27	Economy	Jan-00
The Oxbow Hotel	1.4	32	Upscale	Jan-47
Regency Inn & Suites	2.5	57	Economy	Jun-57
Evenox Motel	2.6	26	Economy	Jan-55
Antlers Motel	2.8	33	Economy	Jan-00
Maple Manor Motel	3	34	Indep	Jun-67
Staybridge Suites Eau Claire Altoona	3.4	135	Upscale	Jun-16
Econo Lodge Inn & Suites Eau Claire	3.5	36	Economy	Aug-99
Metropolis Hotel	3.6	107	Upper Midscale	May-08
Fairfield Inn & Suites Eau Claire Chippewa Falls	4.3	90	Upper Midscale	Apr-16
Baymont Inn & Suites Eau Claire	4.5	80	Midscale	Jun-87
Country Inn & Suites Eau Claire	4.5	58	Upper Midscale	Dec-95
GrandStay Residential Suites Eau Claire	4.6	53	Midscale	Jul-04
AmericInn Hotel & Suites Eau Claire	4.8	50	Midscale	Aug-96
Days Inn Eau Claire West	4.9	71	Economy	May-91
Super 8 Eau Claire	4.9	30	Economy	Jun-84
Holiday Inn Eau Claire South I 94	4.9	130	Upper Midscale	Aug-13
Sleep Inn & Suites Conference Center Eau Claire	6.5	72	Midscale	May-06
Badger Motel	7.5	30	Economy	Jun-93
Holiday Inn Express & Suites Eau Claire North	7.7	84	Upper Midscale	Aug-07
Hampton Inn & Suites Chippewa Falls	7.8	86	Upper Midscale	Mar-15
*Permanently Closed				
Source: Hunden Partners				

## Eau Claire Competitive Hotel Set

HSP analyzed the historic performance of a select few competitive properties. The primary factors in determining the competitive set were location, function space, quality, amenities, size, brand, and market demand mix.

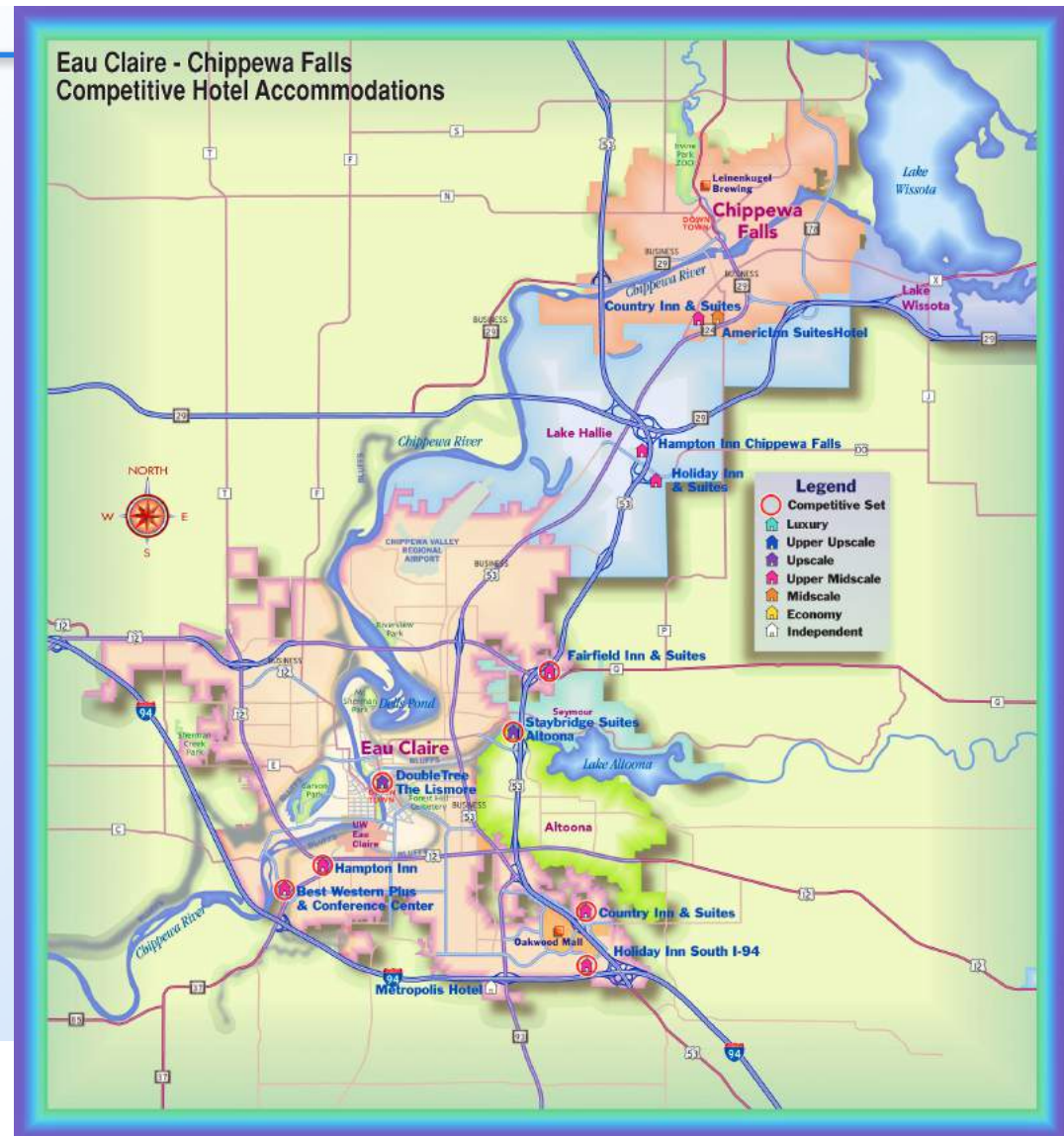
The adjacent table shows the Eau Claire competitive hotel set. While the age of the entire Eau Claire hotel market is relatively old, three competitive properties have opened in the last year and a half. This recent development is a positive sign for the long-term health of the Eau Claire lodging market, but the increase in quality supply may present challenges to the feasibility of a new convention hotel.

Eau Claire Hotels				
Property	Distance from Site	Rooms	Chain Scale	Opened
Hampton Inn Eau Claire	0.7	105	Upper Midscale	May-92
DoubleTree The Lismore Hotel Eau Claire	1.2	112	Upscale	May-16
Best Western Plus Eau Claire Conference Center	1.2	85	Upper Midscale	Sep-98
Staybridge Suites Eau Claire Altoona	3.4	135	Upscale	Jun-16
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Fairfield Inn & Suites Eau Claire Chippewa Falls	4.3	90	Upper Midscale	Apr-16
Country Inn & Suites Eau Claire	4.5	58	Upper Midscale	Dec-95
Holiday Inn Eau Claire South I 94	4.9	130	Upper Midscale	Aug-13
<b>Total/Average</b>	<b>3.0</b>	<b>822</b>	<b>--</b>	<b>Mar-07</b>

Source: Smith Travel Research, Hunden Strategic Partners

## Eau Claire Hotels

The figure to the right shows the competitive set hotels in the region. The existing Eau Claire hotels are somewhat scattered throughout the market, with no primary nodes of development or lodging options.



## Hotel Performance

The adjacent table summarizes the performance of the Eau Claire competitive set of hotels over the last six years. While available room nights has increased significantly due to the opening of new hotels, room night demand has nearly doubled, increasing from 83,000 rooms sold in 2012 to more than 150,000 in 2016. This indicates significant level of pent up demand in the market. The market has been able to absorb new development, as 2017 hotel occupancy is approximately 66 percent, the highest since 2014.

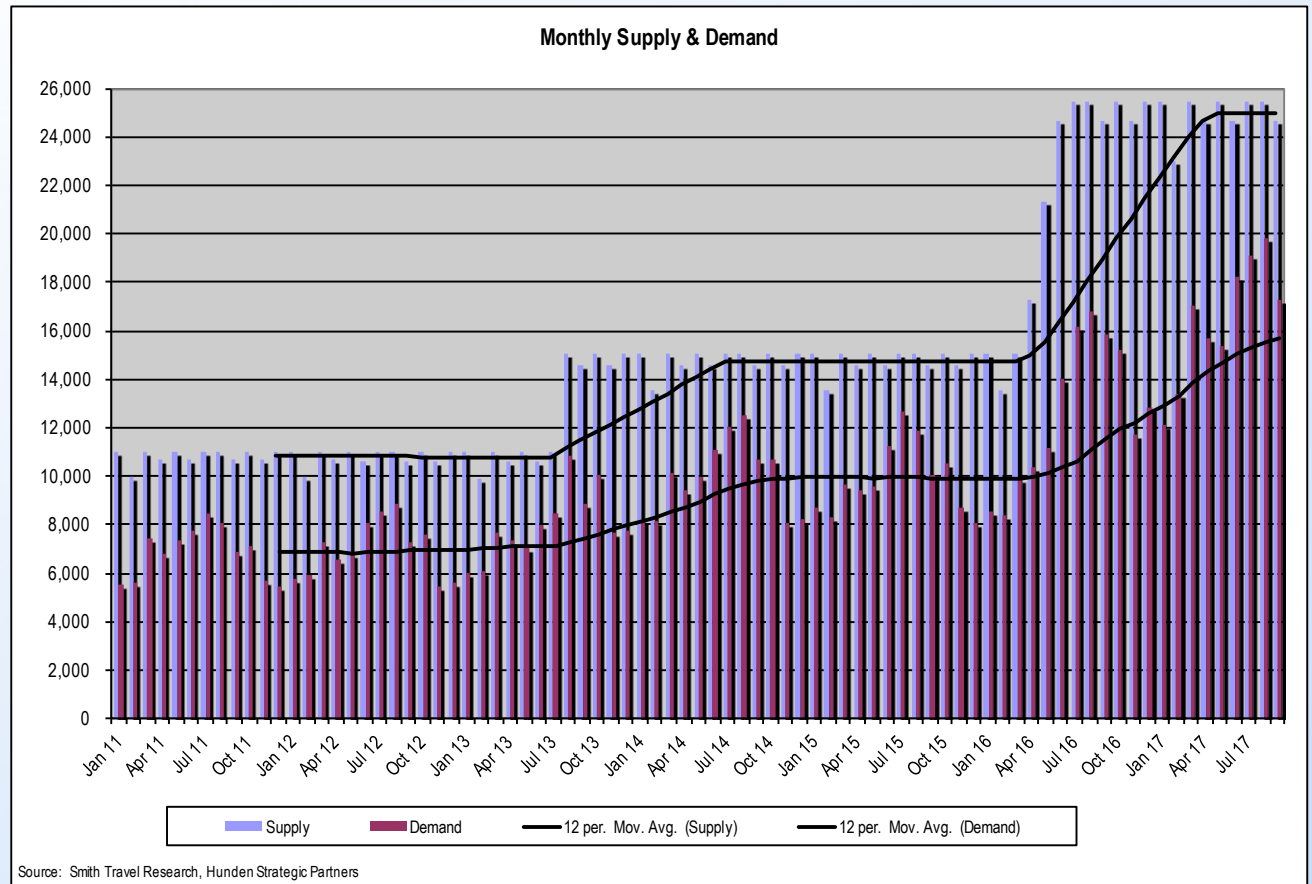
ADR has also shown a positive percentage change over the last five years, increasing by approximately \$15 from 2012 through 2016.

Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2012	355	129,695	--	83,744	--	64.6	--	\$93.45	--	\$60.34	--
2013	409	149,465	15.2%	95,869	14.5%	64.1	-0.7%	\$97.47	4.3%	\$62.52	3.6%
2014	485	177,025	18.4%	119,383	24.5%	67.4	5.1%	\$102.69	5.4%	\$69.25	10.8%
2015	485	177,025	0.0%	119,008	-0.3%	67.2	-0.3%	\$106.93	4.1%	\$71.88	3.8%
2016	707	258,105	45.8%	151,045	26.9%	58.5	-13.0%	\$108.50	1.5%	\$63.49	-11.7%
2017 YTD (September)	736	224,406	23.0%	148,080	33.2%	66.0	8.3%	\$111.14	2.7%	\$73.34	8.5%
CAGR* (2012-2016)	24.8%	24.8%	--	20.1%	--	-2.3%	--	4.0%	--	1.3%	--
*Compound Annual Growth Rate											
Sources: Smith Travel Research, Hunden Strategic Partners											

## Supply and Demand

The figure to the right shows a dramatic increase in both supply and demand since 2013.

Demand consistently peaks during the summer months of each year, which is consistent for hotels in the northern region of the U.S. that benefit from summer leisure travel and youth sports.

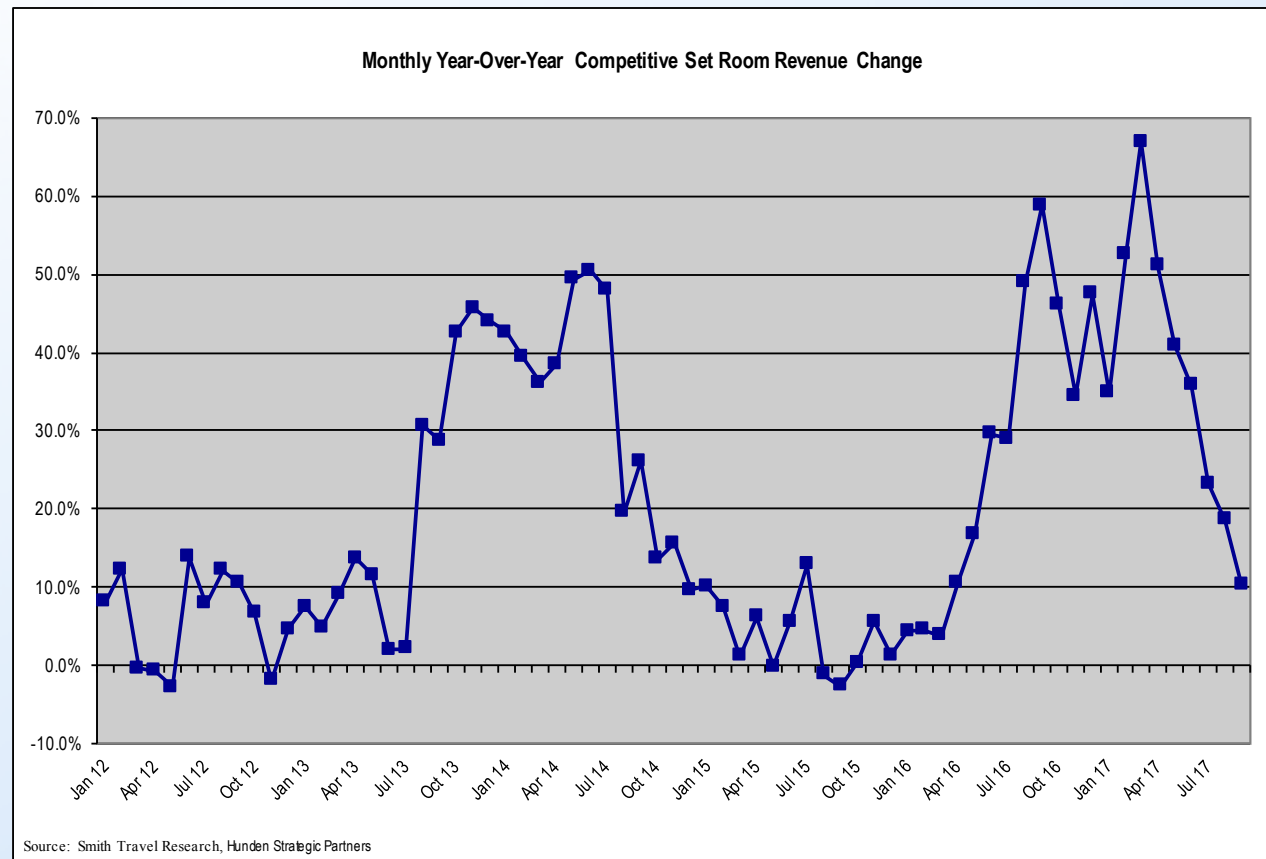




## Room Revenue Change

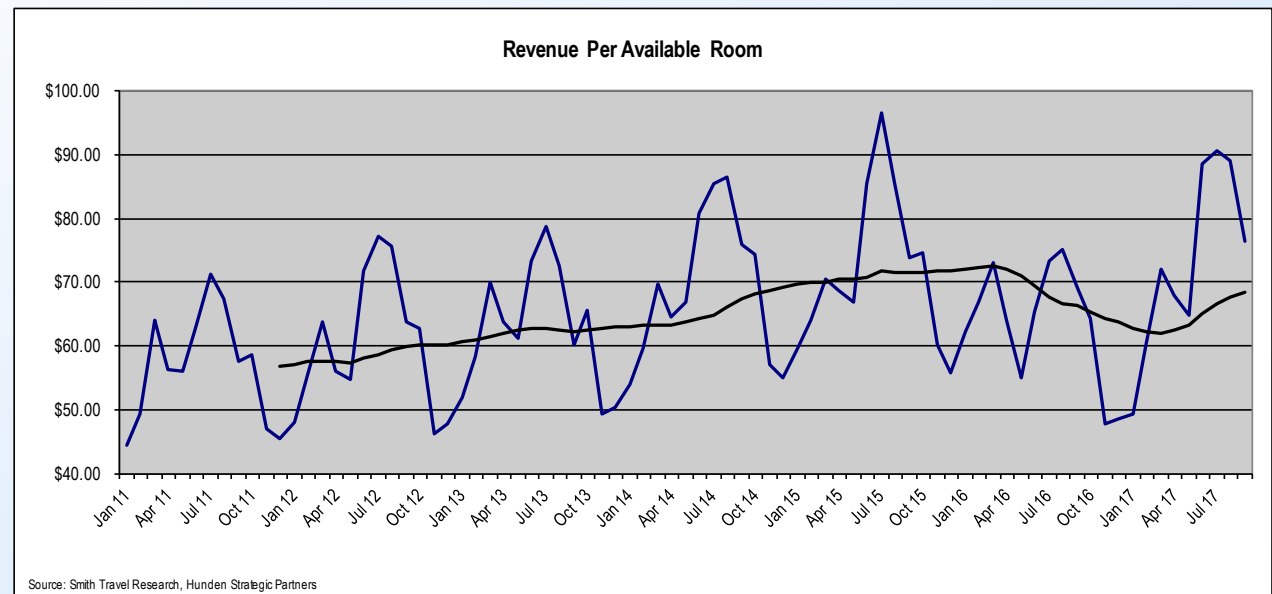
Points above the x-axis in the adjacent chart represent year-over-year room revenue growth, while points below the line indicate room revenue decay.

The largest room revenue growth occurred in March of 2017. Overall, trends have remained very positive over the last four years.



## Revenue Per Available Room

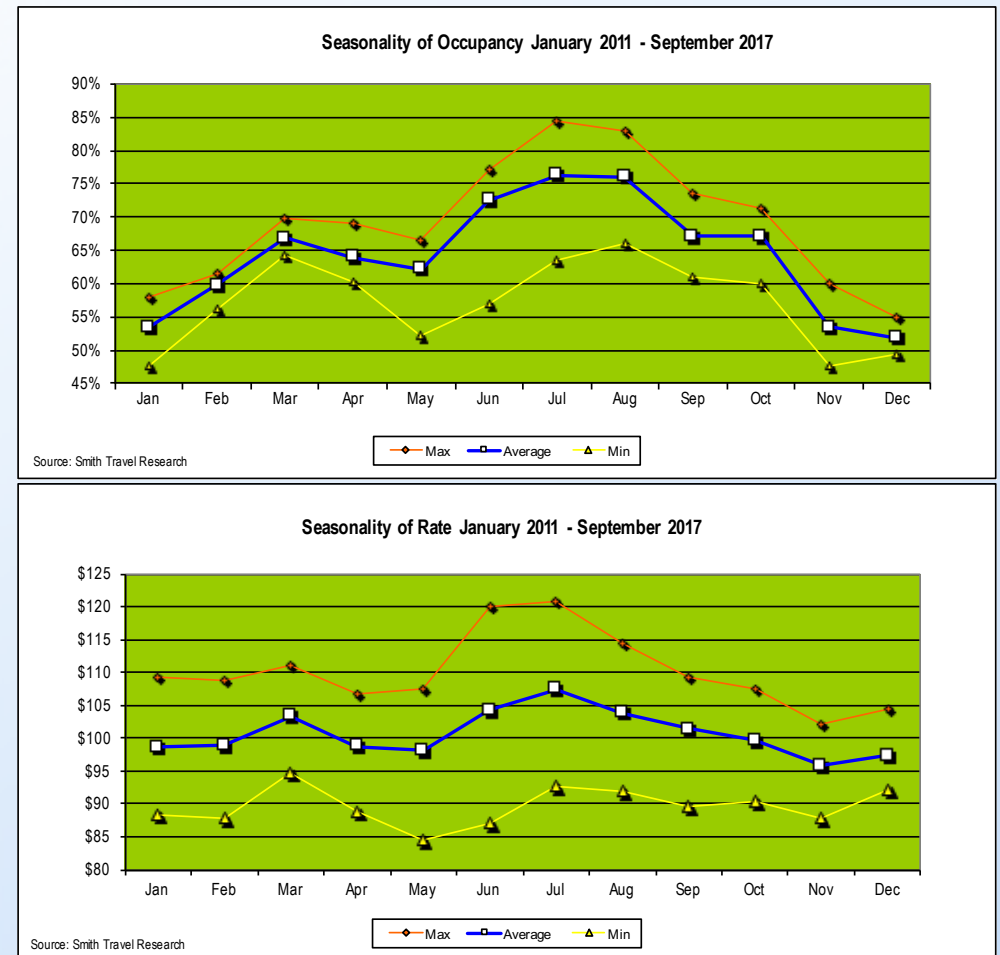
The adjacent trend line shows that RevPAR, which is the product of occupancy and rate, recorded a \$10 increase since 2012, but has fluctuated since the opening of the Doubletree and the Fairfield Inn & Suites in 2016, which had an impact on occupancy rates throughout the market.



## Seasonality – Occupancy and ADR

The adjacent charts demonstrate the seasonality of occupancy and rate for Eau Claire hotels. As previously mentioned, the summer months are the strongest in the regional area, with average occupancy remaining above 70 percent from June through August.

Rate mirrors occupancy (shown in the table below), demonstrating that local hotel options are appropriately compressing rates when demand is highest.

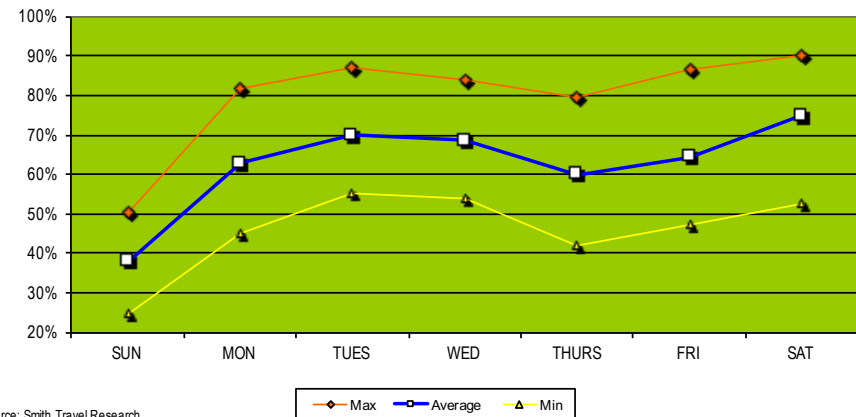


## Day of Week – Occupancy and ADR

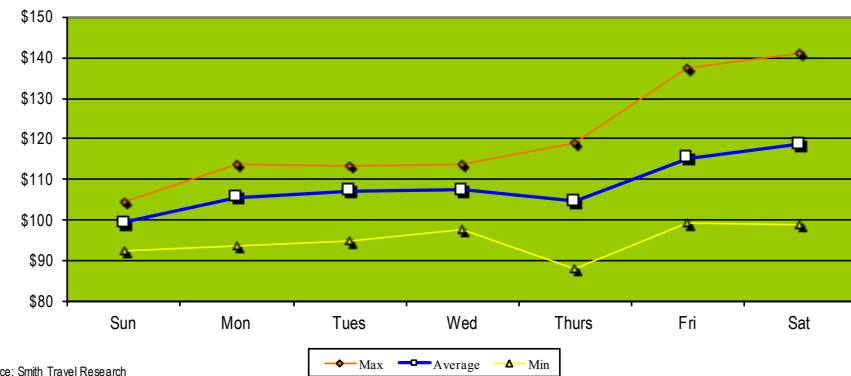
The adjacent figures show the day of week performance of the competitive hotel set from October 2016 through September 2017.

While the local market is dominated by midweek corporate demand, the higher weekend rates indicate that leisure guests are willing to pay higher rates than the corporate guests in Eau Claire throughout the year.

Occupancy by Day of Week October 2016 - September 2017



Average Daily Rate by Day of Week October 2016 - September 2017



## Heat Charts

The adjacent heat charts summarize the day of week performance of the hotel market over the last calendar year.

Occupancy is highest throughout the summer months, exceeding 85 percent on Saturdays.

There is minimal variation in ADR throughout the calendar year.

	75-80
	80-90
	> 90

	105-115
	115-125
	> 125

Occupancy Percent by Day of Week by Month - October 2016 - September 2017

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Oct - 16	31.7%	60.2%	68.1%	63.6%	56.2%	63.8%	77.8%	59.9%
Nov - 16	24.5%	45.1%	55.8%	56.5%	45.0%	49.9%	52.5%	47.7%
Dec - 16	29.2%	55.5%	62.0%	53.8%	47.5%	47.2%	57.4%	50.4%
Jan - 17	24.9%	45.5%	55.1%	54.5%	42.1%	47.9%	67.5%	47.6%
Feb - 17	34.7%	61.2%	67.6%	62.4%	51.9%	58.6%	71.1%	58.2%
Mar - 17	43.2%	70.0%	74.1%	73.9%	67.1%	66.2%	72.0%	66.9%
Apr - 17	35.0%	68.9%	73.2%	72.1%	68.2%	66.2%	68.7%	63.8%
May - 17	37.5%	53.3%	65.9%	64.9%	55.0%	65.7%	79.0%	60.3%
Jun - 17	50.6%	77.1%	81.5%	79.7%	69.0%	74.7%	85.6%	73.9%
Jul - 17	50.3%	71.0%	74.8%	79.5%	79.4%	86.7%	87.0%	74.9%
Aug - 17	47.8%	81.5%	87.2%	83.8%	74.9%	77.8%	89.5%	77.9%
Sep - 17	44.8%	65.6%	73.8%	78.5%	64.3%	68.3%	89.9%	70.0%
<b>Average</b>	<b>37.7%</b>	<b>62.5%</b>	<b>69.6%</b>	<b>68.7%</b>	<b>60.4%</b>	<b>64.4%</b>	<b>75.0%</b>	

Sources: Smith Travel Research

ADR by Day of Week by Month - October 2016 - September 2017

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Oct - 16	98.95	106.82	108.25	107.52	102.63	108.77	113.51	107.62
Nov - 16	95.44	101.57	102.90	100.26	100.28	99.36	98.95	100.29
Dec - 16	92.53	93.69	94.75	97.70	88.20	99.88	104.67	96.44
Jan - 17	95.99	100.98	103.34	102.03	101.09	107.94	111.30	103.96
Feb - 17	94.71	102.73	104.66	103.66	96.92	105.88	110.71	103.62
Mar - 17	101.14	105.82	108.40	106.85	102.36	111.41	116.08	107.74
Apr - 17	95.75	104.90	107.48	107.09	101.15	107.75	114.27	106.33
May - 17	99.53	104.14	107.27	108.11	98.80	112.15	116.13	107.53
Jun - 17	104.57	108.99	113.16	113.03	115.04	134.37	141.05	119.95
Jul - 17	103.07	113.79	112.55	113.69	118.85	137.30	136.13	120.84
Aug - 17	102.15	108.04	111.56	110.94	110.71	125.29	128.58	114.39
Sep - 17	101.09	108.23	107.89	109.75	103.26	110.45	116.00	109.22
<b>Average</b>	<b>99.47</b>	<b>105.65</b>	<b>107.30</b>	<b>107.34</b>	<b>104.53</b>	<b>115.30</b>	<b>118.70</b>	

Sources: Smith Travel Research



## Hotelier Feedback

HSP interviewed Eau Claire hoteliers to better understand the hotel market, as well as gather perspective on the market opportunity for a new convention center development in Eau Claire. Conversations with those hoteliers indicated the following:

- There is strong support for the development of a convention center in Eau Claire. However, it is important that the 25 to 50-person meetings that are already occurring in the market continue to occur in hotels. The focus of a new building should be on attracting larger conferences and conventions that cannot currently be accommodated by the existing venues.
- The Eau Claire market is driven by midweek corporate demand. Leisure travel increases in the summer due to youth sports and music festivals, but group demand is a small portion of the total room nights in Eau Claire.
- On occasion, hotels can benefit from events that are occurring at the Menards Event Center or other local event facilities. The majority of all group business, however, is generated from weddings or social events occurring in hotel function spaces.
- There is an opportunity for a new event facility to fill gaps in the annual calendar. Hotel occupancy in Eau Claire struggles in the late fall, winter, and early spring. If a new convention facility can drive room nights during the slower periods of the year, the entire hotel market will benefit.

## Convention Hotel Trends

The meetings market has evolved over the past 20 years and has grown more sophisticated and planners have increased the requirements necessary to book meetings business. At one time, meeting planners expected to contract with multiple hotels in order to service a convention, pay for their own transportation, and seek additional event and meeting locations when necessary. In recent years, however, cities began to offer room packages within just a few very large hotels adjacent to meeting facilities. This improvement in packaging of the convention/meeting product led to expectations by the market and competitive pressure for all larger meeting facilities to offer a convenient package of hotels attached, adjacent or within immediate walking distance of the facility. This proximity eliminates the need for shuttling, and often the hotels provide enough meeting and event spaces for the additional needs of the planners. Those that do not offer a sufficient package, such as Eau Claire, suffer considerably when competing for meetings, conferences, conventions, and other events.

The demands are not only for hotel rooms, but for high-quality hotel room blocks in major branded hotels. Due to the requirements for large room blocks, meeting and function space, food and beverage service, and parking, these facilities are often outside the realm of private financial feasibility. This feasibility gap is generally temporary, typically during the pre-development and early operational stages of the property, but renders such projects difficult to finance. However, for markets with lower average daily rates and occupancy levels, the feasibility gap can be ongoing. As a result, the public sector has found creative ways to participate in the financing of these hotel developments because they recognize that without such facilities, the performance of their publicly funded meeting facilities will suffer and will not provide the economic impact that rationalized the initial development.

## Convention Hotel Trends

**Public Participation Options** - Building large hotels is very difficult due to the cost and space required for development, and as a result, are typically viewed as not feasible by the private sector. However, large hotels are vital for successful meeting facility environments to work properly. Public entities have owned hotels for many decades, as evidenced by numerous land lease structures at airports and in downtown settings. However, more direct participation has been called for as the private sector has had difficulty obtaining hotel financing at reasonable equity and interest rate levels.

Public participation can help hedge the financial risk in the early ramp-up years of a large hotel property. Credit enhancements, tax incentives and abatements, and capital investment that count towards equity are all tools that are used to get over the initial ramp-up period. The public sector has creatively dealt with participation in many ways, sometimes unique to state and local regulations.

**Public-Private Partnerships (PPP)** - Traditional public investment, in the form of inducements to bridge the financing gap, has taken the form of land assemblage, public payments for parking and infrastructure, and funding public components of the hotel, such as meeting and ballroom space. This approach was used in Norfolk for its Marriott, Portsmouth for the Renaissance, Indianapolis for its initial Marriott, Evansville for its Hilton and in many other markets. Another strategy uses grants, tax abatements, or creation of districts where taxes earned in the district are used to fund the public contribution. Often a combination of these sources is used to make a project happen, as has been demonstrated in numerous instances.

## Convention Hotel Trends

**Public-Private Partnerships (PPP) cont'd** - State programs often play a key role as states have more power to create and appropriate tax streams for projects. States such as Kansas, Texas, Mississippi, Kentucky and others have created programs that allow for either the rebate of state taxes or other related inducements. Land leases are also a common incentive for hotel developers. In some cases, a public entity may acquire the necessary land and lease it back to the developer. The advantage to land leases is that they lower the development costs and allow the cost of the land to be amortized and subsequently paid for out of operating revenues. Incentives provided by public agencies to stimulate hotel development include:

- Tax abatement
- Tax rebates
- Tax Increment Financing (TIF)
- Equity participation
- Construction of meeting space, parking structure, and/or other infrastructure
- Credit enhancement of financing
- Land assemblage
- Rebate of development fees for licensing, permitting, and water and sewer hookup fees
- Free or nominal ground rent
- Section 108 loans
- Community Development Finance Authority (CDFA) grants or Community Development Block Grants (CDBG)

## Convention Hotel Trends

**Public Sponsorship via Tax-Exempt Bonds** - The most direct form of public participation is public ownership of the asset. This allows the hotel to qualify for tax-exempt financing and avoid property taxes. This type of ownership was used for Chicago's Hyatt McCormick Place, Houston's 1,200-room Hilton, Denver's 1,100-room Hyatt, and in Overland Park, Kansas' Sheraton hotel as well as more than a dozen others, as shown in the table further in the document. While tax-exempt bond funding originated with larger projects and markets, it is now common in all market sizes.

Since 1997 with a change in tax law, communities have a new alternative, one using a publicly-owned tax-exempt bond financial structure. Using either public incentives or tax-exempt financing has advantages and disadvantages including both financial and political consequences. The newer, tax-exempt method is achieved via creation of a publicly owned, tax-exempt bond financed structure. It utilizes a single-purpose tax-exempt entity created by the public to issue revenue bonds to finance the construction of the project. The bonds are primarily secured by net cash flow from the hotel and hotel occupancy taxes, and may or may not be enhanced with bond insurance. These bonds typically require some financial assurances from a political jurisdiction or require fairly heavy insurance to support the project's financing based solely on the operations of the hotel.

The advantages to this approach are an ability to get the deal done with the public's timeline, developing a hotel when the private sector is unwilling to invest in it, and lower cost of capital compared to a privately financed alternative. The disadvantages are the significantly increased amounts of financing required to capitalize credit enhancement and financing reserves, and negative public perception and reaction to a publicly-owned hotel, which can delay projects or cause costly referenda.



## Convention Hotel Trends

The adjacent table shows 28 public-private hotel developments underway or completed since 1992, with the identification of the percentage of the developments that were funded by each the private and public sector. As shown, a total of \$4.5 billion in 28 hotel developments have used a public-private funding mechanism. Of the total development, the public sector has subsidized 33 percent of the costs and this may not include land costs. The average cost per room over the projects during the past 20 years is \$215,000. This suggests the truly expensive nature of these projects compared with select service hotels, which typically cost less than \$120,000 per room.

Public-Private Hotel Developments										
City	State	Brand	Opening	Rooms	Total Hotel Costs (millions)	Cost/Room (000)	Public Sector*		Private Sector	
							Investment (millions)	Percentage of Total Cost	Investment (millions)	Percentage of Total Cost
Atlantic City	NJ	Sheraton	1997	502	\$85	\$169	\$38.2	44.9%	\$46.8	55.1%
Austin	TX	JW Marriott	2015	1,012	\$303	\$299	\$3.0	1.0%	\$300.0	99.0%
Baltimore	MD	Marriott	2001	750	\$133	\$177	\$10.0	7.5%	\$123.0	92.5%
Boston	MA	Westin	2007	793	\$200	\$252	\$15.0	7.5%	\$185.0	92.5%
Charlotte	NC	Westin	2003	700	\$143	\$204	\$16.0	11.2%	\$127.0	88.8%
Chattanooga	TN	Chattanooga	2001	202	\$43	\$213	\$20.0	46.5%	\$23.0	53.5%
Denver	CO	Adam's Mark	1998	1,230	\$135	\$110	\$25.0	18.5%	\$110.0	81.5%
Evansville	IN	Doubletree	2015	253	\$44	\$173	\$20.0	45.7%	\$23.8	54.3%
Fort Wayne	IN	Courtyard by Marriott	2010	250	\$47	\$188	\$12.0	25.5%	\$35.0	74.5%
Fort Worth	TX	Omni	2009	600	\$160	\$267	\$89.0	55.6%	\$71.0	44.4%
Franklin	TN	Marriott	1999	300	\$30	\$100	\$12.0	40.0%	\$18.0	60.0%
Houston	TX	Marriott	2016	1,000	\$335	\$335	TBD	TBD	TBD	TBD
Indianapolis	IN	Marriott	2001	615	\$100	\$163	\$23.0	23.0%	\$77.0	77.0%
		JW Marriott, Courtyard,								
Indianapolis	IN	Springhill Suites	2011	1,568	\$354	\$226	\$48.5	13.7%	\$305.5	86.3%
Lancaster	PA	Marriott	2009	294	\$45	\$153	\$20.0	44.4%	\$25.0	55.6%
Louisville	KY	Marriott	2005	617	\$111	\$180	\$57.5	51.8%	\$53.5	48.2%
Louisville	KY	Omni	2016	600	\$261	\$435	\$126.0	48.3%	\$135.0	51.7%
Madison	WI	Hilton	2000	222	\$29	\$131	\$10.0	34.5%	\$19.0	65.5%
Miami Beach	FL	Loews	1998	800	\$110	\$138	\$29.0	26.4%	\$81.0	73.6%
Minneapolis	MN	Hilton	1992	816	\$145	\$177	\$89.2	61.6%	\$55.6	38.4%
Nashville	TN	Omni	2013	800	\$272	\$340	\$128.0	47.1%	\$144.0	52.9%
Norfolk	VA	Marriott	1992	405	\$60	\$148	\$23.0	38.3%	\$37.0	61.7%
Philadelphia	PA	Loews	1998	350	\$54	\$154	\$18.0	33.3%	\$36.0	66.7%
Philadelphia	PA	Marriott	1995	1,408	\$237	\$168	\$36.5	15.4%	\$200.0	84.6%
San Antonio	TX	Hyatt	2008	1,003	\$280	\$279	\$208.0	74.3%	\$72.0	25.7%
Tampa	FL	Marriott	1998	716	\$105	\$146	\$27.0	25.8%	\$77.5	74.2%
Washington	DC	Marriott	2013	1,167	\$639	\$548	\$308.0	48.2%	\$331.0	51.8%
Wichita	KS	Hyatt	1998	303	\$42	\$140	\$20.1	47.3%	\$22.3	52.7%
Average	—	—	2004	688	\$161	\$215	\$53.0	33.0%	\$101.3	67.0%
Total	—	—	—	19,276	\$4,501	—	\$1,432.0	—	\$2,734.0	—

\* Public participation may be upfront capital only, or could include value of abatements and other incentives over time  
Source: Hunden Strategic Partners

## Convention Hotel Trends

### Conclusion

In today's competitive convention market, the market has demanded and received top-quality hotel and convention/conference center packages, usually connected to each other, in most major U.S. cities and now even in second and third-tier cities. As a result, many of these markets, such as Erie, Fort Wayne, and Owensboro have opted for hybrid hotel models that include the amenities meeting planners expect but at lower price points via a select-service brand with extra amenities, or a full-service brand with fewer amenities and services.

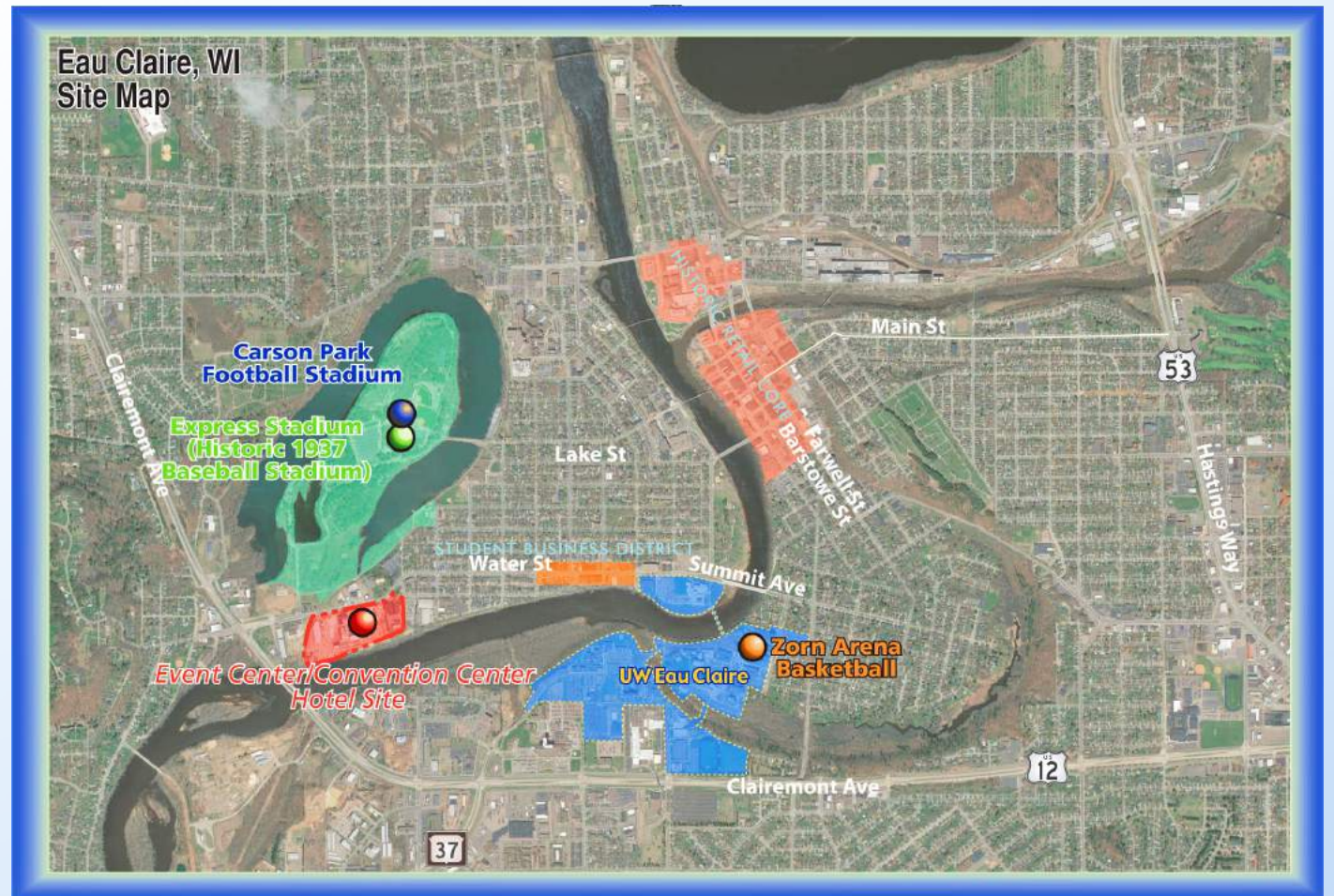
The driving force behind these convention center and hotel developments in both small and larger markets is the public-private partnerships that are designed to bridge the gap in financing and make projects feasible that would never be financed without public incentives. In each case presented, local, county, and/or state governments recognized the need for public incentives that made these projects a reality, thereby making their offering packages more attractive to meeting planners. These cities have recognized that neither a convention center nor a nice hotel is compelling enough on its own, but rather the entire package of quality meeting space, a large quality hotel room block, and proximity between the two are essential to remain competitive in today's meetings market.

## Chapter 6

# Site Overview

## Site Overview

The adjacent figure shows the proposed convention center site in relation to the rest of Eau Claire. As described on the following page, the site situation presents both opportunity and challenges for a future convention center development.





## Site Overview

The site of a convention center within a community is often the most important element to its success. Attendees and planners want enough adjacent, connected or walkable hotels to accommodate their group, which implies at least 2-3 hotels for this facility. Planners and attendees also want unique, walkable restaurants and shops, as well as other things to do nearby. Parking is also a major need for a convention center. Having all of these amenities within easy walking distance is critical to long-term competitiveness and success. In Eau Claire, that location would be in or walkable to downtown's amenities, including existing restaurants, shops, culture, and the Doubletree and Oxbow Hotel.

The proposed site of the convention center by the UWEC Event Center is not the most ideal site for a major investment of this kind. The desired adjacent, synergistic uses are not available at this location. Convention centers can be very beneficial for cities, as discussed previously in this report. Yet in order to do this, it must be successfully able to attract events. Eau Claire has enough good qualities to support an appropriately sized convention center, but its chances for success increase at a good location and decrease at a challenging location.

Beyond the need for adjacent amenities, HSP is concerned about the ability for the building, parking, and the opportunity to expand at a future date. While Eau Claire can support a convention center, a better site is recommended.



## Value of Convention Centers

The value of a convention center and the meaning to a community is very impactful, but not always easy to measure or boil down to a number or simple phrase. In the purest sense, a convention center is the “living room” of a community. A community without a convention center is like a house without a place to host guests.

A convention center allows a city to host all manner of events that it simply cannot host without one. First, a convention center includes three distinct space types that allow for this multipurpose nature. It includes exhibit space, ballrooms and smaller breakout meeting rooms, not to mention a catering kitchen and pre-function space. Unlike an Expo Center, with a large mass of open space, a convention center has the ability to host nearly any type of event, including sports and ticketed events, consumer shows, conventions and conferences with exhibits, tradeshow, corporate meetings and trainings, charity balls and dinners, receptions, auctions, and many other types of events. The facilities can be dressed up or down to suit the needs of all manner of events. Most importantly, they serve as a way to induce visitation and tourism to a community for people who would not otherwise have a reason to visit. Once these attendees visit and create impact from hotel and restaurant spending, they may choose to come back and visit with their families. Also, attendees may bring their spouses or families with them and include other activities in an extended visit. Finally, this exposure to attendees and business owners means that they may consider Eau Claire as a place to move their family or business if they enjoy their visit.

## Value of Convention Centers

A convention center is also a local asset that is helpful for local businesses as a trade hub, meeting and training facility, event complex and general amenity that commercial and other entities can use to further their goals. Because the ballroom can host the nicest functions, it allows for very impactful dinners, balls, and receptions to occur that support many types of missions.

Convention centers have also become major locations for indoor youth sports, dance, cheer, and other competitions. These generate hotel room activity and plenty of family vacation activity.

Like a performing arts center, major sports or entertainment facility, zoo or major art museum, a convention center is a community asset that only certain cities can truly support. They denote major economic hub status and provide a halo effect for a community, if they are kept in good condition.

The development of an event arena and a convention center, even if not co-located, would be two major steps forward for Eau Claire as a regional economic center. As more events take place in these facilities, the community will be more well-known and regarded as a place to go and one of the capitals of the region.

Where convention centers have been developed, much restaurant and hotel impact has occurred. While there are many examples, several are found on the next page that show the hotel development change since a convention center was developed.

## Convention Center Impacts - One Key Metric

In addition to the proposed site, HSP analyzed the impact of convention center developments on surrounding communities in other markets throughout the country. The table below summarizes other situations HSP reviewed, as well as the impact the development of convention centers had on hotel development in the surrounding area.

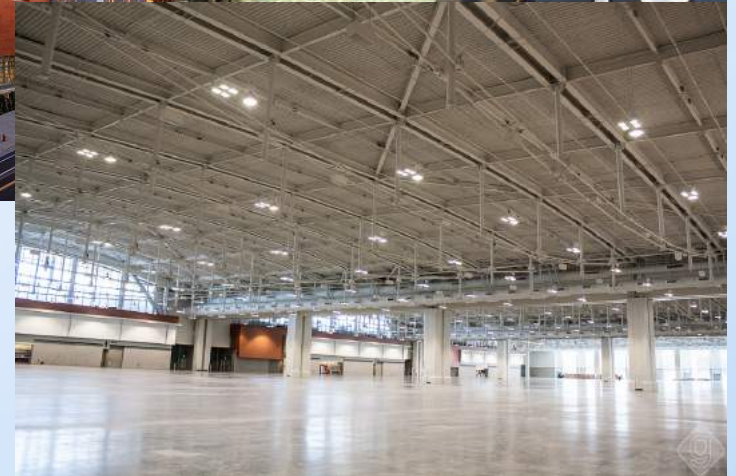
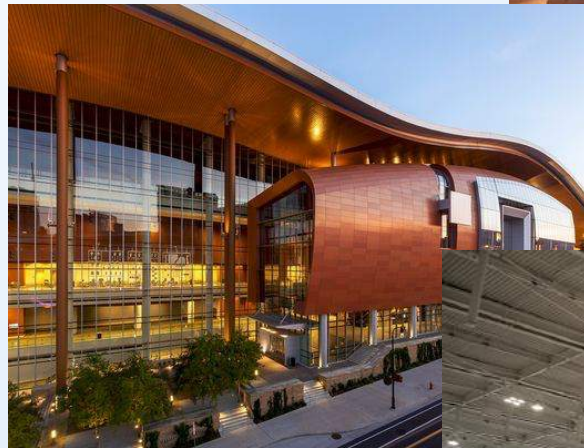
Convention Center Impact on Surrounding Development					
Event Center	Location	Year Opened	# of Rooms (Pre-opening) - Within 1 Mile	# of Rooms (Post-opening) - Within 1 Mile	% Increase
Nashville Music City Center	Nashville, TN	2013	3,611	7,326	103%
David L. Lawrence Convention Center	Pittsburgh, PA	2003	3,482	6,331	82%
St. Charles Convention Center	St. Charles, MO	2005	479	1,522	218%
Hilton Branson Convention Center	Branson, MO	2007	242	778	221%
Bayfront Convention Center	Erie, PA	2007	0	448	--

Source: Hunden Strategic Partners

As the table shows, each market experienced dramatic increases in hotel development following the opening of a convention center. These examples demonstrate that, when developed on an appropriate site with the proper surrounding amenities, new convention facilities in markets both small and large can have a material impact on the surrounding community.

## Music City Center Nashville

Opened in 2013, the Music City Center in Nashville, Tennessee attracts more than 600,000 attendees to downtown Nashville each year. Overall, the facility has generated more than \$1 billion in economic impact, and more than one million room nights in the Nashville community over the last three years according to the Nashville CVB. In addition to more than doubling the supply of hotel rooms, the area surrounding the site has experienced significant investment in restaurants, businesses, and entertainment options.





## David L. Lawrence CC, Pittsburgh

Opened in 2003 in Pittsburgh, Pennsylvania, The David L. Lawrence Convention Center attracts more than 400,000 visitors to the Pittsburgh area each year. According to tourism statistics, more than 12 percent of all room nights in the city result from events that occur at the Lawrence Convention Center. Since its opening, the property has driven the development of a 182-room Courtyard, a 207-room Drury Plaza, a 248-room Kimpton Hotel Monaco, and a 225-room Embassy Suites within 0.2 miles of the complex.





## St. Charles Convention Center, MO

Opened in 2005, the St. Charles Convention Center was developed simultaneously with a 296-room Embassy Suites. In 2016, the facility exceeded 70 percent occupancy, signifying nearly 100 percent occupancy for a convention center. In addition, the convention center is one of a few facilities in the country that generates a net profit from operations. The success, and impact, of the facility has resulted in significant development in the lots surrounding the complex. These include a 180-room Drury Plaza, 84-room Tru by Hilton, and a 27-acre mixed use entertainment district, the Streets of St. Charles, that are all located within a half-mile of the convention center.



## Branson Convention Center, MO

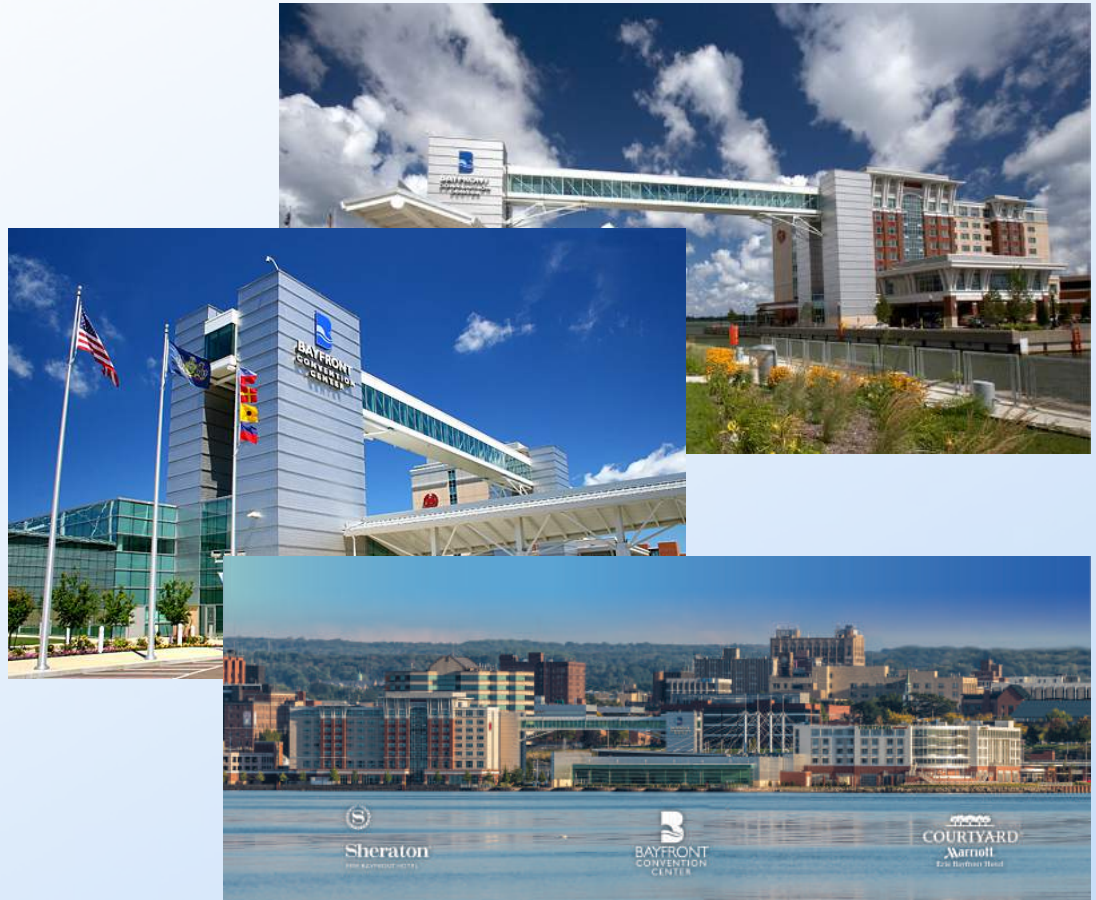
Opened in 2006 in Branson, Missouri, the Branson Convention Center & Hilton opened alongside a massive downtown riverfront development, Branson Landing, that includes a Brass Pro Shop, more than 100 stores and restaurants, and nightly entertainment. The venue attracted approximately 150,000 guests in 2016 and more than 15,000 room nights.





## Bayfront Convention Center; Erie, PA

Built on a pier over a bay in Lake Erie in 2007, the Bayfront Convention Center opened in Erie, Pennsylvania in 2007. The facility was developed simultaneously with a 200-room Sheraton, but has since driven the development of a 192-room Courtyard by Marriott. In its first decade of operations, the facility hosted more than 4,000 events. Currently, a \$150 million mixed-use district is under development adjacent to the Bayfront Convention Center. The development will include residential units, an indoor market featuring locally-made goods, bicycle trails, and green space.



## Chapter 7

# Recommendations

## Recommendation – Convention Center

The adjacent table summarizes HSP's proposed convention center program. HSP recommends the development of a convention center that offers 30,000 square feet of column free flat-floor exhibit space (three divisions), a 15,000-square foot carpeted ballroom (six 2,500-square foot divisions) and 8,000 square feet of breakout meeting space (10 rooms). The ballroom should be permanently carpeted and feature upgraded wall coverings that are appropriate for sound dampening and aesthetic appeal, built-in high-quality audio-visual capabilities, permanent and flexible chandeliers and other lighting options, and ceiling heights of at least 18 feet. This recommended facility would offer 53,000 square feet of net function space. Based on industry development metrics, this equates to a total building size of approximately 117,000 square feet. Parking of 500 to 600 spaces is recommended. This recommended development is projected to cost \$49.4 million.

Proposed Program (Square Feet)					Capacity	
Area	Square Feet	Divisions	Square Feet	Booths	Theater	Banquet
Exhibit Hall	30,000	3	10,000	150	2,727	2,000
Grand Ballroom	15,000	6	2,500	75	1,364	1,000
Meeting Rooms	8,000	10	Variable	na	Variable	Variable
Total	53,000	22				
Other Space	64,778					
Total Building SF	117,778					
Hard Costs	\$41,200,000					
Soft Costs	\$8,200,000					
<b>Total Projected Cost</b>	<b>\$49,400,000</b>					

Source: HSP



## Recommendation - Hotel

HSP recommends the following for the headquarter hotel development:

- **Room Count.** A full-service “lite” or select-service “plus” branded hotel with 200 rooms is recommended. This size is consistent with many of the smaller full-service properties in similarly sized markets. This size will allow the property to offer group blocks for the convention center, but its hybrid program will save the developer money by not having to include every full-service requirement from a brand like Hilton or Marriott. Yet the function space and catering offered, not to mention a restaurant, will provide the key amenities that visitors and groups expect.
- **Strong Brand.** HSP recommends the hotel be associated with a strong full-service brand from the following brand families: Marriott, Hilton, IHG or Hyatt. There are also other brands that may work; however, the above have the best loyalty programs and would capture at least their fair share of the market. Potential brand options include Courtyard by Marriott, Sheraton or similar.
- **Function Space:** HSP recommends that the hotel offer it’s own 6,000-square foot ballroom (three divisions) and 3,200 square feet of breakout meeting space (four rooms).
- **Amenities.** HSP recommends that the hotel offer services that have come to be expected by the modern corporate and group traveler. These include services that cater to the business traveler like a restaurant, coffee bar, business center, and fitness center.
- **Cost:** A full-service hotel with the recommended amenities is projected to cost approximately \$36,000,000.
- **Parking:** Approximately 200 parking spaces will be required for the property. While this cost is not included in the \$36 million estimate, there is opportunity for the hotel and convention center to share parking with the event center parking garage.

## Chapter 8

# Demand and Financial Projections

## Demand and Financial Projections – Convention Center

The adjacent tables show HSP's demand projections for the recommended convention center. HSP projects that the proposed facility will host 144 total events in Year 1, including eight conventions and trade shows, increasing to 257 total events by stabilization (Year 5). Based on average event size assumptions, these events would attract approximately 58,200 attendees in Year 1, increasing to 108,000 by Year 5.

Eau Claire Convention Center Event Demand Projection										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Exhibit Events</b>										
Conventions and Trade Shows	8	9	10	11	12	12	12	12	12	12
Consumer Shows	6	8	10	11	12	12	12	12	12	12
Sports/Entertainment Events	4	5	6	7	8	8	8	8	8	8
Sub-total Exhibit Hall	18	22	26	29	32	32	32	32	32	32
<b>Non-Exhibit</b>										
Corporate Events and Conferences	18	24	30	36	42	42	42	42	42	42
Banquets & Meetings	36	48	54	60	63	63	63	63	63	63
Meeting Room Events	72	84	96	108	120	120	120	120	120	120
Sub-total Non-Exhibit	126	156	180	204	225	225	225	225	225	225
<b>Total</b>	<b>144</b>	<b>178</b>	<b>206</b>	<b>233</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>
Source: HSP										

Projected Attendance										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Exhibit Events</b>										
Conventions and Trade Shows	3,000	3,400	3,800	4,100	4,500	4,500	4,500	4,500	4,500	4,500
Consumer Shows	15,000	20,000	25,000	27,500	30,000	30,000	30,000	30,000	30,000	30,000
Sports/Entertainment Events	4,000	5,000	6,000	7,000	8,000	8,000	8,000	8,000	8,000	8,000
Sub-total Exhibit Hall	22,000	28,400	34,800	38,600	42,500	42,500	42,500	42,500	42,500	42,500
<b>Non-Exhibit</b>										
Corporate Events and Conferences	5,600	7,500	9,400	11,300	13,100	13,100	13,100	13,100	13,100	13,100
Banquets & Meetings	17,600	23,400	26,300	29,300	30,700	30,700	30,700	30,700	30,700	30,700
Meeting Room Events	13,000	15,200	17,400	19,600	21,700	21,700	21,700	21,700	21,700	21,700
Sub-total Non-Exhibit	36,200	46,100	53,100	60,200	65,500	65,500	65,500	65,500	65,500	65,500
<b>Total</b>	<b>58,200</b>	<b>74,500</b>	<b>87,900</b>	<b>98,800</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>
Source: HSP										

## Demand and Financial Projections – Convention Center

HSP applied assumptions to the projected attendance numbers to determine the number of net new day trips and net new room nights that the proposed project would generate in the Eau Claire community. As shown in the adjacent tables, HSP projects that the recommended convention center will generate more than 16,200 net new room nights by stabilization, and more than 22,000 net new day trips. These net new visitor projections are the drivers that influence the economic, fiscal, and employment impact projections shown later in this report.

### Net New Room Nights to Eau Claire

Conventions and Trade Shows	1,832	2,076	2,321	2,504	2,748	2,748	2,748	2,748	2,748	2,748
Consumer Shows	711	947	1,184	1,303	1,421	1,421	1,421	1,421	1,421	1,421
Sports/Entertainment Events	800	1,000	1,200	1,400	1,600	1,600	1,600	1,600	1,600	1,600
Corporate Events and Conferences	1,137	1,523	1,909	2,295	2,660	2,660	2,660	2,660	2,660	2,660
Banquets & Meetings	2,071	2,753	3,094	3,447	3,612	3,612	3,612	3,612	3,612	3,612
Meeting Room Events	2,500	2,923	3,346	3,769	4,173	4,173	4,173	4,173	4,173	4,173
<b>Total</b>	<b>9,050</b>	<b>11,223</b>	<b>13,054</b>	<b>14,718</b>	<b>16,214</b>	<b>16,214</b>	<b>16,214</b>	<b>16,214</b>	<b>16,214</b>	<b>16,214</b>

Source: Hunden Partners

### Net New Day Trips to Eau Claire

Conventions and Trade Shows	285	323	361	390	428	428	428	428	428	428
Consumer Shows	5,400	7,200	9,000	9,900	10,800	10,800	10,800	10,800	10,800	10,800
Sports/Entertainment Events	1,600	2,000	2,400	2,800	3,200	3,200	3,200	3,200	3,200	3,200
Corporate Events and Conferences	370	495	620	746	865	865	865	865	865	865
Banquets & Meetings	880	1,170	1,315	1,465	1,535	1,535	1,535	1,535	1,535	1,535
Meeting Room Events	3,250	3,800	4,350	4,900	5,425	5,425	5,425	5,425	5,425	5,425
<b>Total</b>	<b>11,785</b>	<b>14,988</b>	<b>18,046</b>	<b>20,200</b>	<b>22,252</b>	<b>22,252</b>	<b>22,252</b>	<b>22,252</b>	<b>22,252</b>	<b>22,252</b>

Source: Hunden Partners

## Demand and Financial Projections – Convention Center

The adjacent table shows HSP's operating projections for the recommended convention center development. HSP projects the facility to generate approximately \$777,000 in total operating revenue in Year 1 of operations, increasing to more than \$1.5 million by Year 5. HSP projects the net operating loss to fall below \$300,000 by Year 5 of operations.

Pro Forma Operating Statement of Revenue and Expenses (\$000's, Inflated)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Revenue</b>										
<b>Event Revenue</b>										
Space Rental	161	208	251	291	347	354	361	368	376	383
Equipment Rental	28	36	44	51	61	62	63	64	66	67
Net Food and Beverage	455	600	711	821	913	931	950	969	988	1,008
Event Services Income	113	140	166	189	211	215	219	224	228	233
Sub-total	758	985	1,173	1,352	1,532	1,562	1,593	1,625	1,658	1,691
<b>Other Revenue</b>										
Advertising and Sponsorships	15	15	16	16	17	17	17	18	18	19
Parking	4	4	4	4	5	5	5	5	5	5
Sub-total	19	20	20	21	21	22	22	23	23	24
<b>Total Operating Revenue</b>	<b>777</b>	<b>1,004</b>	<b>1,193</b>	<b>1,372</b>	<b>1,553</b>	<b>1,584</b>	<b>1,615</b>	<b>1,648</b>	<b>1,681</b>	<b>1,715</b>
<b>Expenses</b>										
Salaries and Wages	514	527	540	554	567	582	596	611	626	642
Employee Benefits	175	179	184	188	193	198	203	208	213	218
Passthrough Labor	36	45	54	61	68	69	70	72	73	75
Maintenance & Repairs	8	14	25	29	36	36	37	38	39	40
Cleaning	31	39	48	55	63	65	66	68	70	71
Utilities	146	157	167	177	187	189	191	193	195	198
Sales and Marketing	50	51	53	54	55	57	58	59	61	62
General and Administrative	119	122	125	128	132	135	138	142	145	149
Insurance	60	62	63	65	66	68	70	71	73	75
Other Operating Expenses	23	25	26	27	28	29	29	30	31	31
Management Fee	90	93	95	98	101	104	107	111	114	117
Reserve For Replacement	247	253	260	266	273	279	286	294	301	308
<b>Total Expenses</b>	<b>1,499</b>	<b>1,566</b>	<b>1,638</b>	<b>1,702</b>	<b>1,768</b>	<b>1,810</b>	<b>1,853</b>	<b>1,896</b>	<b>1,941</b>	<b>1,987</b>
<b>Net Operating Income</b>	<b>-722</b>	<b>-562</b>	<b>-446</b>	<b>-330</b>	<b>-216</b>	<b>-226</b>	<b>-237</b>	<b>-248</b>	<b>-260</b>	<b>-273</b>

Source: HSP



## Demand and Financial Projections – Hotel

Estimated Competitive Set Demand Growth by Segment												
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2017	109,442	---	40,586	---	44,820	---	194,848	---	300,030	---	822	64.9%
2018	112,725	3.0%	41,804	3.0%	45,268	1.0%	199,797	2.5%	300,030	0.0%	822	66.6%
2019	116,107	3.0%	43,058	3.0%	46,174	2.0%	205,338	2.8%	300,030	0.0%	822	68.4%
2020	120,751	4.0%	55,975	30.0%	48,483	5.0%	225,209	9.7%	373,030	24.3%	1,022	60.4%
2021	124,373	3.0%	63,812	14.0%	50,422	4.0%	238,607	5.9%	373,030	0.0%	1,022	64.0%
2022	125,617	1.0%	68,917	8.0%	51,430	2.0%	245,964	3.1%	373,030	0.0%	1,022	65.9%
2023	126,873	1.0%	71,674	4.0%	51,945	1.0%	250,491	1.8%	373,030	0.0%	1,022	67.2%
2024	127,508	0.5%	73,107	2.0%	52,204	0.5%	252,819	0.9%	373,030	0.0%	1,022	67.8%
2025	127,508	0.0%	73,107	0.0%	52,204	0.0%	252,819	0.0%	373,030	0.0%	1,022	67.8%
2026	127,508	0.0%	73,107	0.0%	52,204	0.0%	252,819	0.0%	373,030	0.0%	1,022	67.8%
2027	127,508	0.0%	73,107	0.0%	52,204	0.0%	252,819	0.0%	373,030	0.0%	1,022	67.8%
2028	127,508	0.0%	73,107	0.0%	52,204	0.0%	252,819	0.0%	373,030	0.0%	1,022	67.8%
2029	127,508	0.0%	73,107	0.0%	52,204	0.0%	252,819	0.0%	373,030	0.0%	1,022	67.8%

Source: Hunden Strategic Partners

The table above shows the estimated growth of each hotel market segment from 2017 through 2029 for the competitive hotel set assuming the recommended 200-room hotel opens in 2020. Following the opening of the recommended hotel, the supply of the competitive set will increase, resulting in a temporary decrease in occupancy. However, the opening of the convention center will induce new demand to the market, especially in the group segment. HSP projects the occupancy of the Eau Claire competitive set of hotels to stabilize at 67.8 percent in 2024.

## Demand and Financial Projections – Hotel

The adjacent table shows the estimated market penetration of the recommended hotel, based on how the hotel will penetrate various demand segments.

The 200-room hotel is expected to have a total occupancy penetration rate of 109 percent at stabilization, due to the fact that it will be the newest and highest quality hotel in the market. Occupancy is expected to reach 74 percent by stabilization.

Estimated Market Penetration						
Year	Corporate Transient	Group	Leisure	Total Penetration	Projected Set Occupancy	Subject Occupancy
2020	85%	125%	40%	85%	60%	51%
2021	90%	150%	45%	97%	64%	62%
2022	95%	170%	50%	107%	66%	70%
2023	98%	170%	50%	109%	67%	73%
2024	98%	170%	50%	109%	68%	74%
2025	98%	170%	50%	109%	68%	74%
2026	98%	170%	50%	109%	68%	74%
2027	98%	170%	50%	109%	68%	74%
2028	98%	170%	50%	109%	68%	74%
2029	98%	170%	50%	109%	68%	74%

Source: Hunden Strategic Partners

## Demand and Financial Projections – Hotel

The adjacent table shows the estimated demand, by segment, for the proposed hotel based on the penetration rates established above.

The majority of the business at the recommended hotel is expected to be generated by group and corporate demand.

Projected Demand for Proposed 200-Room Hotel											
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	Total Rooms	Occupancy
2015	23,965	--	3,950	--	10,360	--	38,275	--	73,000	200	52%
2020	20,086	--	13,693	--	3,795	--	37,573	-1.8%	73,000	200	51%
2021	21,905	9.1%	18,731	36.8%	4,440	17.0%	45,077	20.0%	73,000	200	62%
2022	23,353	6.6%	22,927	22.4%	5,032	13.3%	51,313	13.8%	73,000	200	70%
2023	24,332	4.2%	23,844	4.0%	5,083	1.0%	53,259	3.8%	73,000	200	73%
2024	24,454	0.5%	24,321	2.0%	5,108	0.5%	53,883	1.2%	73,000	200	74%
2025	24,454	0.0%	24,321	0.0%	5,108	0.0%	53,883	0.0%	73,000	200	74%
2026	24,454	0.0%	24,321	0.0%	5,108	0.0%	53,883	0.0%	73,000	200	74%
2027	24,454	0.0%	24,321	0.0%	5,108	0.0%	53,883	0.0%	73,000	200	74%
2028	24,454	0.0%	24,321	0.0%	5,108	0.0%	53,883	0.0%	73,000	200	74%
2029	24,454	0.0%	24,321	0.0%	5,108	0.0%	53,883	0.0%	73,000	200	74%
Source: Hunden Strategic Partners											

## Demand and Financial Projections – Hotel

The adjacent table shows the estimated market segmentation for the recommended hotel.

The 200-room convention hotel is expected to have a much higher group mix than the competitive set.

**Projected  
Stabilized Demand Mix vs. Comp Set**

Segment	Hotel at Stabilization	Comp Set
Corporate	45%	50%
Group	45%	29%
Leisure	9%	21%
Total	100%	100%

Source: Hunden Strategic Partners

## Demand and Financial Projections – Hotel

The adjacent table shows the average daily room rate projections for the recommended hotel.

As shown, rates in the competitive set increased from \$93 to \$108 from 2012 to 2016. HSP expects those rates to increase slowly over the coming years and reach \$116 by 2019, with 2.2 percent average growth after 2022. ADR growth nationally has generally increased at a slightly higher rate as inflation, although with much variability as shown from the recent past. The new hotel's penetration rate is expected to stabilize at 108 percent, and an ADR beginning at \$132.

**Average Daily Room Rate Projections**

Year	Comp. Set ADR	Annual Increase	Hotel Rate Penetration	Projected Hotel Rate	Annual Increase
2012	\$93	--	--	--	--
2013	\$97	4.3%	--	--	--
2014	\$103	5.4%	--	--	--
2015	\$107	4.1%	--	--	--
2016	\$108	1.5%	--	--	--
2017	\$111	2.7%	--	--	--
2018	\$114	2.5%	--	--	--
2019	\$116	2.0%	--	--	--
2020	\$119	2.0%	111%	\$132	--
2021	\$121	2.2%	109%	\$133	0.6%
2022	\$124	2.2%	108%	\$134	1.1%
2023	\$127	2.2%	108%	\$137	2.3%
2024	\$130	2.2%	108%	\$140	2.1%
2025	\$132	2.2%	108%	\$143	2.2%
2026	\$135	2.2%	108%	\$147	2.2%
2027	\$138	2.2%	108%	\$150	2.2%
2028	\$141	2.2%	108%	\$153	2.2%
2029	\$145	2.2%	108%	\$156	2.2%

Source: Hunden Strategic Partners



## Demand and Financial Projections – Hotel

The adjacent shows the projected performance of the recommended 200-room hotel.

The property is projected to generate a total of \$6.9 million in gross revenue in Year 1, increasing to \$11.9 million in the fifth year. Approximately \$1.3 million would be available to satisfy debt requirements in the first year, increasing to more than \$2.8 million in Year 5.

Projection of Income & Expense (in \$000, inflated) - 200 Rooms										
	Year 1				Year 2	Year 3	Year 4	Year 5		Year 10
Room Count	200				200	200	200	200		200
Available Room Nights	73,000				73,000	73,000	73,000	73,000		73,000
Occupancy Rates	51%				62%	70%	73%	74%		74%
Occupied Room Nights	37,573				45,077	51,313	53,259	53,883		53,883
Average Daily Rate	\$132				\$133	\$134	\$137	\$140		\$156
RevPAR	\$68				\$82	\$94	\$100	\$104		\$115
Percent of Change from Prior Year	--				20.7%	15.1%	6.2%	3.3%		2.2%
	\$	%	PAR	POR	\$	\$	\$	\$	%	
<b>REVENUE</b>										
Rooms	\$4,959	72.0%	\$24,793	\$132	\$5,984	\$6,891	\$7,317	\$7,558	71.4%	\$8,427
Hotel Food and Beverage	1,653	24.0%	\$8,264	\$44	2,000	2,310	2,459	2,541	24.0%	2,833
Other Operated Departments	207	3.0%	\$1,033	\$5	250	289	307	318	3.0%	354
Miscellaneous Income	110	1.6%	\$551	\$3	133	154	164	169	1.6%	257
Total Revenue	\$6,887	100.0%	\$34,435	\$183	\$8,335	\$9,624	\$10,247	\$10,585	100.0%	\$11,870
<b>DEPARTMENTAL EXPENSES</b>										
Rooms	\$1,334	26.9%	\$6,669	\$36	\$1,490	\$1,654	\$1,756	\$1,814	24.0%	\$2,022
Hotel Food and Beverage	1,157	70.0%	\$5,785	\$31	1,380	1,594	1,672	1,728	68.0%	1,926
Other Operated Departments	122	59.0%	\$610	\$3	145	167	178	184	58.0%	205
Rent and Other Income	12	11.0%	\$61	\$0	13	15	16	8	5.0%	13
Total Departmental Expenses	\$2,625	38.1%	\$13,125	\$70	\$3,029	\$3,430	\$3,623	\$3,734	35.3%	\$4,167
<b>Gross Operating Income</b>	\$4,262	61.9%	\$21,311	\$113	\$5,306	\$6,194	\$6,624	\$6,851	64.7%	\$7,704
<b>UNDISTRIBUTED OPERATING EXPENSES</b>										
Administrative and General	\$640	9.3%	\$3,202	\$17	\$733	\$799	\$840	\$868	8.2%	\$973
Marketing	\$530	7.7%	\$2,652	\$14	\$600	\$664	\$697	\$720	6.8%	\$807
Utility Costs	\$358	5.2%	\$1,791	\$10	\$392	\$423	\$451	\$466	4.4%	\$522
Property Operations and Maintenance	\$372	5.4%	\$1,860	\$10	\$408	\$443	\$471	\$487	4.6%	\$546
Total Undistributed Expenses	\$1,901	27.6%	\$9,504	\$51	\$2,134	\$2,329	\$2,459	\$2,541	24.0%	\$2,849
<b>Gross Operating Profit</b>	\$2,361	34.3%	\$11,806	\$63	\$3,172	\$3,865	\$4,165	\$4,311	40.7%	\$4,855
<b>Franchise Fees</b>	\$413	6.0%	\$2,066	\$11	\$500	\$577	\$615	\$635	6.0%	\$712
<b>FIXED EXPENSES</b>										
Property Taxes	\$299	4.3%	\$1,496	\$8	399	420	428	437	4.1%	482
Insurance	83	1.2%	\$413	\$2	92	96	102	106	1.0%	119
Management Fee	207	3.0%	\$1,033	\$5	250	289	307	318	3.0%	356
Reserve for Replacement	\$69	1.0%	\$344	\$2	\$125	\$192	\$307	\$318	3.0%	\$356
Total Fixed Expenses	\$657	9.5%	\$3,287	\$17	\$866	\$997	\$1,146	\$1,178	11.1%	\$1,313
<b>Cash Flow from Operations</b>	\$1,291	18.7%	\$6,453	\$34	\$1,807	\$2,290	\$2,404	\$2,498	23.6%	\$2,829

Source: Hunden Strategic Partners

## Chapter 9

# Economic, Fiscal, and Employment Impact Analysis

## Economic, Fiscal, and Employment Impact

The incremental impact of the new spending from new and recaptured visitors will increase economic activity and will result in higher fiscal activity, income, and employment for the Eau Claire economy. HSP uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the Eau Claire economy due to additional inputs. For example, for every dollar of direct new spending in Eau Claire, the IMPLAN model provides multipliers for the indirect and induced spending that will result. The net new and recaptured direct spending discussed earlier in the chapter is considered to be the **Direct Impact**. From the direct spending figures, further impact analyses will be completed.

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a convention attendee's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.
- **Induced Impacts** embody the change in local spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the convention attendee's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.

## Economic, Fiscal, and Employment Impact

- **Fiscal Impacts** represent the incremental tax revenue collected by the community due to the net new economic activity. The fiscal impact represents the government's share of total economic benefit. Fiscal impacts provide an offset to the potential public expenditures required to support the development.
- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect, and induced impacts generate spending, support new and ongoing businesses and ultimately result in ongoing employment for citizens. HSP will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

## Impact – Convention Center and Hotel

The table below shows the 10-year direct net new spending as a result of the recommended convention center and hotel.

Direct Net New/Recaptured Spending (000s)							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Total
Food & Beverage	\$1,502	\$2,450	\$3,072	\$3,498	\$3,796	\$4,295	<b>\$34,772</b>
Lodging	\$2,622	\$4,500	\$5,633	\$6,417	\$6,917	\$7,826	<b>\$63,355</b>
Retail	\$358	\$581	\$728	\$830	\$901	\$1,019	<b>\$8,251</b>
Transportation	\$175	\$284	\$355	\$405	\$440	\$497	<b>\$4,026</b>
Other	\$216	\$356	\$446	\$508	\$550	\$623	<b>\$5,041</b>
<b>Total</b>	<b>\$4,873</b>	<b>\$8,171</b>	<b>\$10,234</b>	<b>\$11,657</b>	<b>\$12,604</b>	<b>\$14,260</b>	<b>\$115,446</b>

Source: Hunden Strategic Partners

Spending on lodging is the largest component of direct new spending in Eau Claire, followed by food and beverage, retail, transportation, and other local spending. Over 10 years, the recommended convention center and hotel are projected to generate more than \$115 million in direct net new spending within Eau Claire.



## Impact – Convention Center and Hotel

The next table shows the direct, indirect, and induced spending from the Project based on the IMPLAN multipliers.

Direct, Indirect & Induced Net New Spending (000s)							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Total
<b>Net New Spending</b>							
Direct	\$4,873	\$8,171	\$10,234	\$11,657	\$12,604	\$14,260	<b>\$115,446</b>
Indirect	\$1,622	\$2,717	\$3,403	\$3,876	\$4,191	\$4,742	<b>\$38,387</b>
Induced	\$1,912	\$3,204	\$4,013	\$4,571	\$4,942	\$5,592	<b>\$45,271</b>
<i>Total</i>	<i>\$8,407</i>	<i>\$14,091</i>	<i>\$17,650</i>	<i>\$20,104</i>	<i>\$21,737</i>	<i>\$24,594</i>	<b><i>\$199,104</i></b>

Source: Hunden Strategic Partners

The direct spending totals \$115 million over the 10-year period (as shown in the prior table), while the indirect and induced spending add another \$38 million and \$45 million, respectively. In total, \$199 million in economic impact is projected from new and recaptured spending.

## Impact – Convention Center and Hotel

The following table shows the new earnings associated with the new economic activity.

Net New Earnings from Direct, Indirect & Induced Spending (000s)							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Total
<b>Net New Earnings</b>							
From Direct	\$1,523	\$2,549	\$3,193	\$3,637	\$3,933	\$4,450	<b>\$36,029</b>
From Indirect	\$528	\$886	\$1,110	\$1,264	\$1,367	\$1,547	<b>\$12,520</b>
From Induced	\$580	\$973	\$1,218	\$1,388	\$1,500	\$1,698	<b>\$13,744</b>
<i>Total</i>	<i>\$2,632</i>	<i>\$4,408</i>	<i>\$5,521</i>	<i>\$6,289</i>	<i>\$6,801</i>	<i>\$7,695</i>	<b>\$62,292</b>

Source: Hunden Strategic Partners

By the fifth year of operations, more than \$6.8 million of direct, indirect, and induces earnings are projected, with a total of more than \$62 million over the 10-year period.

## Impact – Convention Center and Hotel

The table below shows the estimated full-time equivalent jobs created by the Project.

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings (000s)						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10
<b>Net New FTE Jobs</b>						
From Direct	80	130	158	176	186	186
From Indirect	27	43	53	59	62	62
From Induced	31	51	62	69	73	73
<i>Total</i>	<i>138</i>	<i>224</i>	<i>274</i>	<i>304</i>	<i>321</i>	<i>321</i>
Source: Hunden Strategic Partners						

New full-time equivalent jobs (FTE's) are projected to vary over the period based on the net new spending and total 321 by the fifth year, based on increasing demand from the expansion.

## Impact – Convention Center and Hotel

The fiscal impact of the Project is the benefit to the community via taxes generated, essentially through new hotel occupancy tax. The following table shows the projections of new taxes over the first 10 years of operation.

Fiscal Impact - Tax Impacts from Net New Spending (000s)							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Total
<b>Taxes Collected</b>							
City Hotel Tax (8%)	\$210	\$360	\$451	\$513	\$553	\$626	\$5,068
<b>Total</b>	<b>\$210</b>	<b>\$360</b>	<b>\$451</b>	<b>\$513</b>	<b>\$553</b>	<b>\$626</b>	<b>\$5,068</b>

Source: Hunden Strategic Partners

In total, local taxes are projected to generate more than \$550,000 by Year 5, and total more than \$5 million over the first 10 years.

## Impact – Convention Center and Hotel

The one-time construction of the project will impact Eau Claire as spending will occur via the purchase of materials (40 percent of the budget) and the payment of labor and service providers (60 percent of the budget). It is assumed that the total investment will be approximately \$36 million for the hotel and \$49 million for the convention center.

Materials spending in Eau Claire is estimated to total of \$59 million in direct, indirect, and induced spending. The direct labor spending is approximately \$51 million and would support nearly 946 job-years (one construction job for one year).

Construction Impact	
	Impact
Direct Materials Spending	\$ 34,160,000
Indirect Spending	\$ 9,560,000
Induced Spending	\$ 15,240,000
Total	\$ 58,960,000
Direct Labor Spending	\$ 51,240,000
Employment (Job Years)	946
Source: Hunden Strategic Partners	



## Impact – Convention Center and Hotel

The table to the right shows a summary of estimated combined 10-year impacts for the recommended convention center and hotel.

The net new spending for the Project totals \$199 million over the 10-year period, \$72 million in new earnings, more than 321 new full-time equivalent jobs, and more than \$5 million in new taxes collected from the ongoing spending over 10 years. The construction impact will be more than \$100 million on materials and labor, most of which will accrue to the Eau Claire economy and local workers. The nearly 946 job-years will be a temporary boon for the local economy.

Summary of 10-Year Impacts	
<b>Net New Spending</b>	(millions)
Direct	\$115
Indirect	\$38
Induced	\$45
<b>Total</b>	<b>\$199</b>
<b>Net New Earnings</b>	(millions)
From Direct	\$36
From Indirect	\$13
From Induced	\$14
<b>Total</b>	<b>\$62</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	186
From Indirect	62
From Induced	73
<b>Total</b>	<b>321</b>
<b>Taxes Collected</b>	(millions)
City Hotel Tax (8%)	\$5.1
<b>Total</b>	<b>\$5.1</b>
<b>Construction Impact</b>	(millions)
New Materials Spending	\$59.0
New Labor Spending	\$51.2
<b>Job-Years, Actual</b>	<b>946</b>
Source: Hunden Strategic Partners	

Thank You