



Council Agenda Report

From: Thomas Frutchey, City Manager

Subject: Proposed Conference Center at the Paso Robles Events Center

Date: June 19, 2018

Facts

1. San Luis Obispo County is a desired location to visit, for both leisure and business purposes. The County offers wonderful attractions, as well as a large number of hotel rooms, bed-and-breakfasts, RV park spaces, and short-term rentals.
2. The County is limited in its ability to host most larger groups, however, due to the lack of a suitable meeting/banquet/ballroom space.
3. Although the county has two large exhibit halls—one measuring 20,000 sq. ft. at the Madonna Inn, the other measuring 26,000 sq. ft. at the Paso Robles Event Center—a survey conducted in 2016 indicated these do not offer suitable meeting/banquet/ballroom space and do not meet the needs of meeting planners.
4. A Conference Center Market Study, commissioned by Visit SLO CAL in 2017, indicated strong overall demand for mid-week bookings and non-peak-season visitation by large groups (see the study results at: <http://www.visitsanluisobispo.com/conference-center-study>) Wednesday and Thursday, for example, are peak conference days statewide, with 84% of bookings occurring in fall, winter, and spring, thereby complementing the robust summer season.
5. The study results indicated strong demand for up to 1,000 attendees in a banquet capacity for a meeting session, event space (e.g., meetings, banquet, and ballroom) of approximately 15,000 sq. ft., and up to 10 meeting rooms. The Embassy Suites in San Luis Obispo offers the largest current county ballroom at 5,400 sq. ft., which is considered by the meetings industry as a “junior-size” space.
6. Mid-weeks and shoulder seasons are both times with significantly higher vacancy rates in SLO County. Average daily occupancy for Paso Robles ranges from 55% in December/January to 88% in July/August. RevPAR figures vary from \$109 to \$186.
7. Paso Robles has 21 hotels with 1,447 total rooms, more than 225 vacation rentals, and 3 RV Parks. Average daily rates, occupancy, and revenue per available room (RevPAR) can vary greatly over a 12-month period. A conference center attracts midweek business travelers during the fall, winter, and spring to help level out the tourism industry’s current seasonal highs and lows.
8. Furthermore, Paso Robles is experiencing growth and demand for accommodations. Nearly 1,300 new rooms across nine properties are entitled to be built in the next three to five years.
9. Currently more than 700 hotel rooms are located within a half mile of the Paso Robles Event Center, which meets event planners’ preference to have ample inventory of accommodations within close proximity of the site.
10. The Paso Robles Event Center, in cooperation with Travel Paso and the City of Paso Robles, has explored the economic feasibility of a conference center to be located in Paso Robles at the Paso Robles Event Center location (see Attachment 1). Two representatives from each of the three governing bodies oversaw the feasibility analysis, conducted by B&D Venues (the same firm that conducted the original study for Visit SLO CAL).
11. The draft feasibility study is now ready to be presented to the three governing bodies: the Travel Paso Board at 3:00 p.m. on June 19; the City Council at 6:30 p.m. on June 19; and the host agency—the 16th District Agricultural Association Board—at 10:00 on June 20. The DAA Board is seeking recommendations and commitment from the other two governing bodies.

12. A conference center would align with each of the long-term strategic goals and initiatives of the Events Center, Travel Paso, and the City.
13. The 16th DAA identified the feasibility of a convention center as part of its long-range goals during its 2016 strategic planning session. This Event Center has initiated a comprehensive master plan to address effective land uses and essential capital improvements.
14. A key imperative for Travel Paso is to actively lead the tourism community in Paso Robles through prioritized initiatives and defined objectives. One of those objectives is to narrow the gap between mid-week and weekend occupancy for our lodging stakeholders. A top initiative is to identify, prioritize and advocate for needed infrastructure improvements.
15. The City of Paso Robles identified six goals and strategic initiatives during its March 2018 session. Several goals – economic vitality, infrastructure, community character and quality of life, and community partnership and engagement – align with the feasibility of a conference center.
16. A conference center at the Events Center would be designed to meet the needs as enunciated by meeting planners with a ballroom, meetings rooms, a boardroom, and a pre-function space. The feasibility study foresees 19,500 sq. ft. of usable space. This would include up to a 15,000 square foot ballroom, divisible into three or four separate spaces, which would fit approximately 1,000 people in a banquet seating. It would also include six meetings rooms, one boardroom, and one pre-function space.
17. A conference center creates additional economic benefits, turning business travelers into leisure visitors.
 - o Many conference attendees bring a spouse, who typically engages in travel experiences, shopping and dining outside the conference venue
 - o Combining business and leisure often leads to a longer length of stay in the market
 - o Conference attendees are more likely to return to the market for a leisure visit after becoming aware of the county’s assets
 - o Conference attendees also support ancillary businesses: restaurants, retail, attractions, florists, entertainers, etc.
18. Based on the positive results of the economic feasibility analysis, it is now appropriate to conduct the additional analysis to determine if this is something the City Council, Travel Paso, and the Events Center want to pursue. Much additional work will need to be undertaken to flesh out the proposal, in order for a go/no-go decision to be made.

Options

1. Take no action;
2. Indicate to the Events Center Board the City’s interest in pursuing a public/private partnership for the development of a conference center on the grounds of the Event Center;
3. Provide alternative direction to staff.

Analysis and Conclusions

The vision of this legacy project is a unique, public/private partnership to expand experiential business opportunities sought by meeting and activity planners nationwide. This project, once formulated, will bring together a unique collaboration among a state agency, the City, and the private sector.

More than 30 percent of attendees at the conference center are projected to be non-local. These guests are expected to book 11,500 room nights annually, as a result of the types of meeting and events expected to be held in the new facility.

If the Council is interested in continuing to assess the desirability of participating in the development of a conference center, along with the Event Center and Travel Paso, participation in the following steps will be necessary:

- o Retain B&D Venues to consult throughout the planning phase

- o Complete a benefits analysis, which ensures the economic benefits specific to the region’s lodging partners
- o Create a governance structure to determine the operations of the facilities
- o Work with the financial advisor to evaluate funding needs, partners and revenue opportunities
- o Identify the ideal location and best use of the conference center through the Paso Robles Event Center facilities master plan
- o Hire a project manager to manage the development of the conference center
- o Conduct a CEQA analysis

The project would result in an innovative public/private partnership. Bringing together a state agency, the City, and the private sector is a unique collaboration for this type of project. The partnership will also want to meet with other public and private entities who might be interested in joining the project.

Fiscal Impact

The project must be fiscally and economically justifiable. A \$26+ million conference center would create 181 full time jobs during the construction period and 159 new (mostly part-time) jobs as part of the \$12.5 million annual budget. Revenues to the City—primarily resulting from increased transient occupancy tax—are projected at \$7.35 million over the next 30 years; starting at \$505,000 in 2021, and increasing to \$827,000 in 2022. The City’s financial advisor has been briefed and is able to examine the various financing approaches, on behalf of the three entities.

The Council is not being asked to make a full commitment at this point but instead, to authorize the steps required to gain the additional information necessary to make the commitment to proceed in a partnership with the other two entities. The City would commit to contributing one-third of the costs of these initial exploratory efforts. In approximately six months, the three governing bodies will have the ability to determine whether to proceed with the project or not.

Recommendation

1. Indicate to the Board of the 16th Agricultural District and the Travel Paso Board that, based on the economic feasibility study, the City’s interest in pursuing a public/private partnership to develop a conference center on Event Center grounds, and in undertaking the subsequent necessary steps.
2. Direct the Mayor and Mayor Pro Tem to represent the City in subsequent discussions and efforts, bringing the issue back to the Council at appropriate points, for updates and decisions.
3. Direct the City Manager to undertake the steps necessary to complete all components of the feasibility analysis, in partnership with the Events Center, Travel Paso, and all other agencies that desire to participate, returning with the results of that analysis as early as practicable.

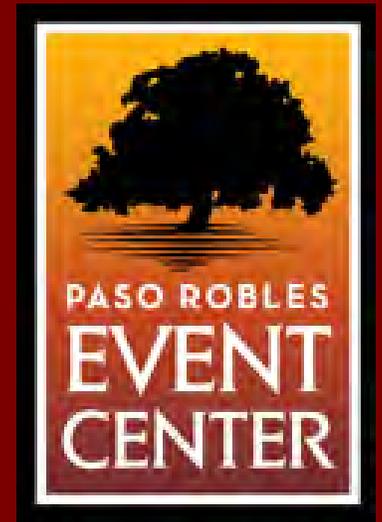
Attachments

1. Conference Center Economic Analysis—2018, conducted by B&D Venues



Paso Robles Event Center

Travel Paso | City of Paso Robles



Conference Center Economic Analysis Report – May 2018

TABLE OF CONTENTS

Sections

1.0 Preface..... 2

2.0 Project Introduction and Vision..... 3

3.0 Executive Summary..... 5

4.0 Local Market Conditions..... 11

5.0 Comparable Event Center Analysis..... 21

6.0 Financial Analysis..... 27

7.0 Economic and Fiscal Impact Analysis..... 40

Exhibits

A. North County Meeting Space Inventory..... 47

B. Comparable Fairgrounds Program..... 49

C. Funding Case Studies..... 50

D. Visit SLO CAL Report..... -

1.0 - PREFACE

Introduction

In July of 2017, the City of Paso Robles (“City”) and the Paso Robles Event Center (“Event Center”) (collectively the “Client”) engaged Brailsford & Dunlavey (“B&D”) to conduct a Conference Center Economic Analysis (“Project”) for a new facility located on the Paso Robles Event Center property. The Economic Analysis outlined contained herein builds upon a broader conference center analysis completed by B&D earlier in 2017 for Visit SLO CAL, the region’s destination marketing organization. B&D completed each analysis under the conditions and assumptions outlined below:

- The analyses, recommendations, observations, and conclusions contained in this study represent the professional opinions of B&D with such opinions based on original research conducted using primary, secondary, and tertiary sources, and the project team’s professional experience.
- The project team performed its work using industry information and public documents that are deemed reliable, but whose accuracy cannot be guaranteed.
- Due to variations in national and regional economic conditions, as well as other important factors, actual expenses and revenues may vary from projections, and these variances may be significant. As such, B&D makes no assurance and provides no guarantee that results identified in this study will be achieved. Economic and market conditions, management action or inaction, and implementation timing, as well as other important circumstances, often do not occur as planned and such deviations can be material.
- The projections outlined herein assume credible and capable management of the facility through a joint party operating agreement between the City, Travel Paso, and The Event Center. At the time of this study, the feasibility of establishing the joint party operating agreement is unknown but operating projections outlined herein rely on establishment of that joint body.

THE PROJECT TEAM WAS COMPRISED OF THE FOLLOWING INDIVIDUALS:

- Bill Mykins, Vice President, RA, LEED AP
- Bryan Slater, Senior Project Manager
- Nick Champagne, Project Analyst

2.0 – PROJECT INTRODUCTION

Overview & Context

The Paso Robles Event Center and City of Paso Robles partnered in June of 2017 to examine the economic feasibility of a conference project on the site of the Paso Robles Event Center. Travel Paso, the region's new not-for-profit 501c(6) destination marketing organization was added to the partnership in December of 2017. This analysis builds upon the previously completed County-Wide Conference Center Market Study completed for Visit SLO CAL in April 2017. The previous analysis only examined market opportunity for a conference center project in the County and did not include an examination of its economic viability. The intent of the previous engagement was for a partner community to use the information to further develop the study into an economic analysis, which this study provides. Where appropriate, B&D relies on market analyses and conclusions in the market study to inform key assumptions in this report's Financial Analysis. The previous study is attached to this report as Exhibit D.



FIGURE 2.1: Visit SLO CAL Market Study

2.0 – PROJECT INTRODUCTION

Project Vision

As presently contemplated, the project will be a stand-alone facility operated by the Event Center with the support of Travel Paso, the City, and other potential partners as part of a joint-party agreement. This arrangement will allow for leveraging existing resources and procedures currently employed at the Event Center. The four key goals for the project identified in the kick-off meeting are listed below:

1. Diversify the region's economic base by attracting non-local patrons into the market;
2. Expand the region's economic base by introducing non-local spending into the market;
3. Provide a space to generate additional mid-week and weekend business for the lodging industry;
4. Provide a community asset for San Luis Obispo County citizens and fair attendees; and
5. Expand opportunities for diverse usage and increased economic benefit for the Event Center and California Mid State Fair.

These common goals serve as a guideline for planning recommendations outlined herein. For contextual purposes, a map of the Event Center is shown to the right with the potential development site outlined in red. This site is located immediately to the west of the Event Center in the parking lot along Riverside Avenue. Placement in the northernmost portion of the site would be located contiguous to the Event Center's two exhibit halls, Estrella Hall and Adelaide Hall, which would provide the project with a strategic advantage by offering "built-in" exhibition space.



FIGURE 2.2: Project Site Context

3.0 - EXECUTIVE SUMMARY

Introduction

The purpose of this analysis is to assess the economic feasibility of a new conference center located on the site of the Paso Robles Event Center. As previously mentioned, this analysis builds upon a study previously completed for Visit SLO CAL in March of 2017. The primary objectives of this analysis are:

- A. Verify that market conditions and factors in the City of Paso Robles are viable for development of a conference center project;
- B. Evaluate an appropriate building program in consideration of the market size and fairgrounds configuration;
- C. Develop a profit and loss forecast for annual operations; and
- D. Estimate one-time and recurring economic and fiscal impacts.

Visit SLO CAL Findings

The purpose of the Visit SLO CAL study was to assess market demand for a new conference center in San Luis Obispo County and identify a project concept that capitalizes on demand. In the analysis, B&D identified 46 properties in the County that offer a combined 209,000 SQ FT of meeting space. More specifically, B&D found that the County has a major shortcoming in ballroom space, with the County's largest space measuring just 5,400 SQ FT. B&D also analyzed 10 comparable facilities to develop attendance projections and develop an appropriate program. Key statistics for the comparable facilities are provided below:

<u>Attendance</u>	<u>Average Program</u>
Average Annual Attendees: 68,000	Total Sellable Space: 37,000 SQ FT
Average Annual Events: 260	Exhibition Space: 21,000 SQ FT
Average Event Attendance: 330	Meeting Rooms: 12

Based on B&D's analysis, the recommended project concept ranged from 21,000 to 27,000 SQ FT of leasable space. The recommended program was subject to refinement pending the selection of a preferred partner community.

3.0 - EXECUTIVE SUMMARY

Local Market Conditions

The Local Market Conditions Analysis provides an overview of demographic conditions and critical infrastructure that influences demand for the project. An emphasis was placed on evaluating market conditions in the City and in neighboring communities in “North County,” which is outlined in red in Figure 2.2. Key findings follow:

- **Demographics:** As of 2017, Paso Robles’ population is slightly under 32,000 while the San Luis Obispo MSA has 285,000. Both jurisdictions exhibit annual growth rates consistent with national and state averages. The MSA has a slightly higher household income level in relation to Paso Robles (\$86,000 compared to \$80,000), but is largely explained by the City’s comparatively younger median age level of 35.1 years of age. The City and MSA exhibit stable growth trends and income levels commensurate with those observed nationwide, providing the project with a stable platform for development.
- **Transportation Infrastructure:** The project benefits from the presence of strong regional air service at San Luis Obispo Airport, located approximately 35 miles south of the City. The airport offers service to five major hubs, including Los Angeles, San Francisco, Denver, Seattle, and Phoenix. The project also benefits from the presence of Paso Robles’ intermodal transportation facility, which includes an Amtrak station, and siting proximate to U.S. Route 101. Overall, transportation infrastructure provides the project with strong air, rail, and vehicular links.



FIGURE 3.1: Paso Robles Market Definition

3.0 - EXECUTIVE SUMMARY

Local Market Conditions (Cont.)

- Meeting Space:** B&D inventoried competitive meeting space throughout North County. There is a noticeable shortage in ballroom space and, for those properties with a ballroom, a lack of adjacent meeting space suitable for conferences. The largest ballroom space in North County is located at the Pavilion at the Lake and measures just over 4,400 SQ FT.
- Hotel Room Inventory:** Paso Robles currently has 1,447 hotel rooms and an additional 1,320 rooms have been approved for development. Most importantly, there are 623 existing hotel rooms and an additional 66 approved within .5 miles of the site. The presence of these rooms mitigates the need for an on-site headquarters hotel, which is a desired facility feature among event planners. Further, the increase in room inventory creates less than ideal circumstances for development of such a hotel since it is not yet understood if the market can absorb another 1,320 rooms without adversely impacting market-wide occupancy levels.
- Hotel Seasonality:** Hotels throughout the region experience highest occupancy in summer months and lowest occupancy in the winter. Meeting planners in the previous analysis indicated they are most likely to book events during spring and fall, suggesting that the project will benefit Paso Robles hotel properties when it is most needed.

Largest Competitive Meeting Spaces (Top 10)

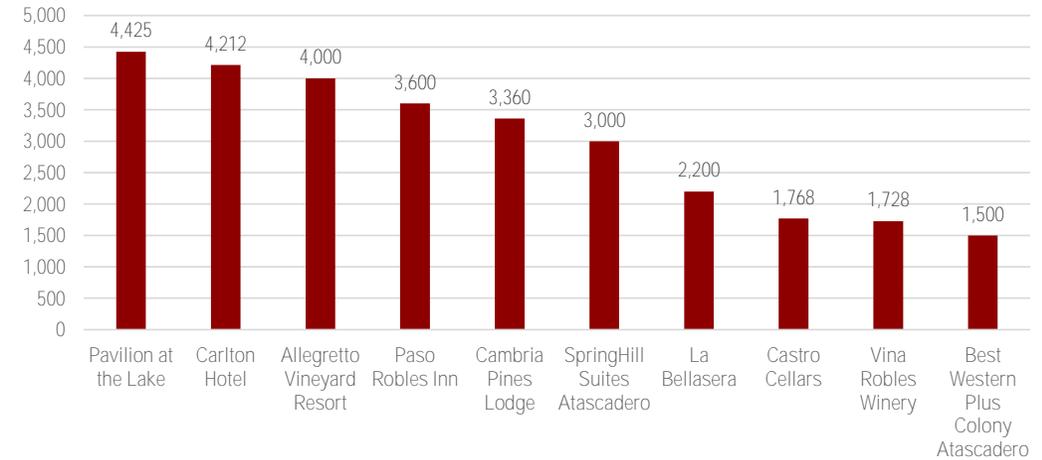


FIGURE 3.2: Largest Meeting Spaces in North County

Regional Occupancy (Trailing Twelve Months)

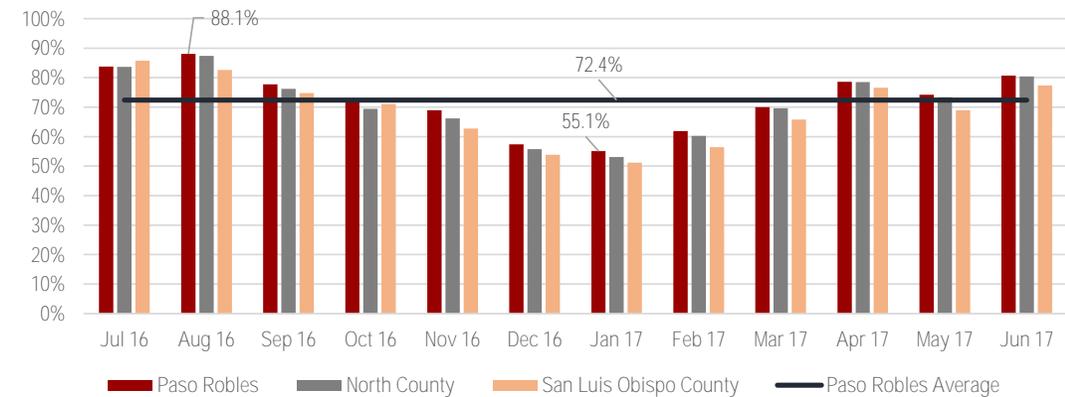


FIGURE 3.3: Regional Occupancy by Month

3.0 - EXECUTIVE SUMMARY

Recommended Building Program

B&D's recommended facility program includes 19,500 SQ FT of leasable space, including a ballroom of 11,000 SQ FT, six meeting rooms, one board room, and pre-function space. The ballroom should be divisible into three or four separate spaces. The importance of the ballroom's inclusion cannot be understated; it is frequently the most sought after space in conference center facilities due to its flexibility and it will also partially rectify a shortcoming in ballroom space in the County. It should be emphasized that this configuration is the maximum market-supportable concept and expansion of the concept is unlikely to result in incremental event attendance. This program will address current ballroom supply shortages, maximize return on capital investment, provide an efficient footprint, and work to minimize operating costs. While B&D recommends a ballroom of 11,000 SQ FT, there is potential to expand the ballroom by an additional 2,000 to 3,000 SQ FT to accommodate larger events that may become present.

Project Budget

Based upon the recommended project concept and local market conditions, B&D developed a preliminary conceptual budget for the project. Utilizing a grossing factor of 1.8, the building program measures 35,100 gross square feet. Based on B&D's professional expertise and input from industry partners, B&D has estimated hard costs at \$590 per SQ FT, not including soft costs associated with items such as architectural and engineering services, which are collectively estimated at an additional 25%. Utilizing \$740 as an estimate for project costs on a per SQ FT basis, the total conceptual budget measures approximately \$26 million in 2017 dollars. This figure will need to be refined as the project is advanced.

Space Type	Units	SQ FT	Leasable SQ FT
Exhibition Space	0	0	0
Ballroom	1	11,000	11,000
Auditorium	0	0	0
Meeting Rooms	6	800	4,800
Board Room	1	700	700
Pre-Function	1	3,000	3,000
Total	9	-	19,500

FIGURE 3.4: Recommended Building Program

3.0 - EXECUTIVE SUMMARY

Projected Event Calendar & Attendance

The table to the right shows B&D’s conservative, moderate, and aggressive event and attendance projections. The total number of events in the stabilized year, 2022, ranges from 360 to 410. Attendance in the most likely scenario, the moderate, is 51,000 in year 2022 and ranges from 58,300 to 46,725 in the other scenarios.

In B&D’s professional opinion, the project will share event frequency characteristics that are similar to comparable facilities such as Pueblo Convention Center and Two Rivers Convention Center (as shown in Figure 3.6). The event calendars for these two facilities contain a higher frequency of small meetings, which places them near the top of the spectrum for events, but near the bottom in terms of total attendance. For frame of reference, the project’s moderate scenario attendance of 51,000 would be tied for ninth among the ten peer facilities in terms of attendance, despite hosting more events.

A review of comparable fairground facilities revealed that ballroom and meeting space were rarely offered at properties similar to the Event Center. As such, B&D has relied on event and attendance performance at peer conference centers examined in the Visit SLO CAL report to develop event and attendance projections.

Total Events	2020	2021	2022
Conservative	267	315	360
Moderate	290	340	387
Aggressive	327	361	410

Total Event Attendance	2020	2021	2022
Conservative	31,750	40,475	46,725
Moderate	34,800	44,025	51,000
Aggressive	42,600	50,075	58,300

FIGURE 3.5: Event and Attendance Projections

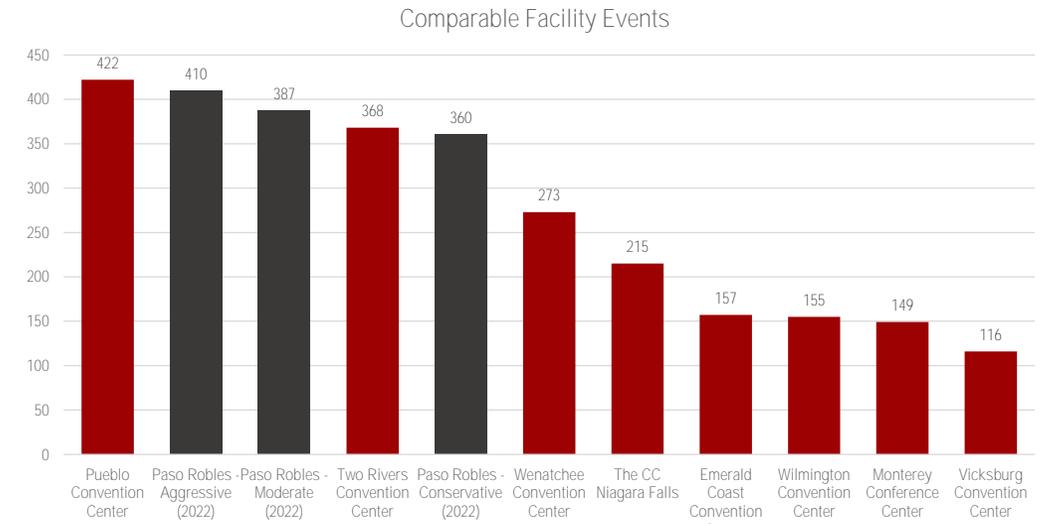


FIGURE 3.6: Comparable Conference Center Event Totals

3.0 - EXECUTIVE SUMMARY

Economic & Fiscal Impact

Based on the event projections outlined on the previous page, the project will attract 16,675 non-local attendees on an annual basis, creating demand for an incremental 11,500 annual hotel room nights. These non-local patrons spend nearly \$240¹ per day in the City of Paso Robles and introduce new, diversified spending to the market – consistent with project goals – and generate significant economic and fiscal impacts.

Economic impacts are measured in terms of economic output (demand for goods and services), wages, and full-time equivalent (“FTE”) jobs while fiscal impacts are measured in terms of tax revenues that accrue to various governmental entities. Both types of impacts occur during both construction and operation, though impacts stemming from operation are considerably greater over a project’s lifespan since they recur annually. Fiscal impacts in this analysis include sales tax, occupancy tax, and income tax.

During the construction period, the \$26 million project will generate \$9 million in output and support \$9 million in total wages across 181 FTE in the City of Paso Robles. Recurring operations will support \$12.6 million in output, \$5.2 million in wages, and 159 FTE jobs in the City. In terms of fiscal benefits, the project will generate a one-time impact of \$2 million, though the majority of this income accrues to the state. In year 2022, the project will generate over \$780,000 to various governmental entities, including \$354,000 to the City of Paso Robles. The net present day valuation of all fiscal impacts over a 30-year horizon total \$18.2 million, including \$7.3 million to the City.

Non-Recurring Economic Impacts	
Construction Output	\$8,984,173
Construction Wages	\$8,959,108
Construction FTE Employment	181
Construction Average Wage	\$49,418
Recurring Economic Impacts (2022)	
Recurring Output	\$12,641,537
Recurring Wages	\$5,183,764
Recurring FTE Employment	159
Recurring Average Wage	\$32,640
Fiscal Benefits (Year 2022)	
City	\$354,061
County	\$12,080
State	\$332,198
TBID	\$56,317
TMD	\$28,158
Total Annual Benefit	\$782,813

FIGURE 3.7: Economic & Fiscal Impacts

1: Figure provided by Visit SLO CAL

4.0 – LOCAL MARKET CONDITIONS

VISIT SLO CAL Project Overview

Introduction

In December of 2016, Visit SLO CAL engaged B&D to analyze the market potential for a conference center located in San Luis Obispo County. To complete this project, B&D conducted a detailed market study and demand analysis. Key components of this work effort included analyzing local market conditions (demographics, transportation factors, infrastructure, and local meeting space) and analyzing factors influencing demand (industry trends, competitive landscape, comparable facilities performance and best practices, and meeting planner preferences). Key findings of B&D's work effort are discussed below.

Local Market Conditions

B&D identified 46 properties in the County that offer a combined 209,000 SQ FT of indoor meeting space. The largest ballroom in the county, which is typically the most sought after space in conference centers due to their flexibility, is located at the Embassy Suites in San Luis Obispo and measures 5,400 SQ FT. Stakeholder interviews and survey data indicated the existing ballrooms in the County are likely significantly smaller than what is otherwise supported by market demand.

Comparable Facilities

B&D identified and analyzed 10 comparable facilities in the previously completed report. These facilities were chosen based on similarities in terms of population within a 100-mile radius and all have public ownership structures. The purpose of the comparable facility analysis was to identify a market-supportable conference center project within the County borders. Key findings with regard to annual performance and program size at comparable facilities are listed below:

Performance

- **Average Annual Attendees:** 68,000
- **Average Annual Events:** 260
- **Average Event Attendance:** 330

Average Program

- **Total Sellable Space:** 37,000 SQ FT
- ***Exhibition Space:** 21,000 SQ FT
- **Meeting Rooms:** 12 Count

* Exhibition space is found at 6 / 10 comparable facilities

4.0 – LOCAL MARKET CONDITIONS

VISIT SLO CAL Project Overview

Programmatic Recommendation

B&D’s recommendation for a market-supportable conference center development ranges from 21,000 to 27,000 SQ FT of sellable square footage. This program was developed without a particular city or site and needed additional refinement subject to its ultimate location. Primary factors influencing this recommendation are provided below:

- The County’s 100-mile population of 1.86 million is approximately 20% smaller than comparable markets. This alone would suggest a building program of 30,000 SQ FT since the average comparable offers approximately 37,000 SQ FT of leasable space.
- Facilities with exhibition space generally attract fewer attendees per SQ FT of sellable space, with an average of 1.7 annual attendees per SQ FT of leasable space. In contrast, facilities without exhibit space average 2.2 attendees per SQ FT of sellable space. Therefore, B&D’s projections align with the smaller comparable facilities that do not offer exhibit space.
- Survey results indicate demand for up to 1,000 attendees in a banquet capacity for a plenary session. Depending on architectural considerations, this would justify a ballroom of approximately 14,000 to 15,000 SQ FT. Survey respondents also indicated the preference for up to 10 meeting rooms.

Market Supportable Building Program (SQ FT)

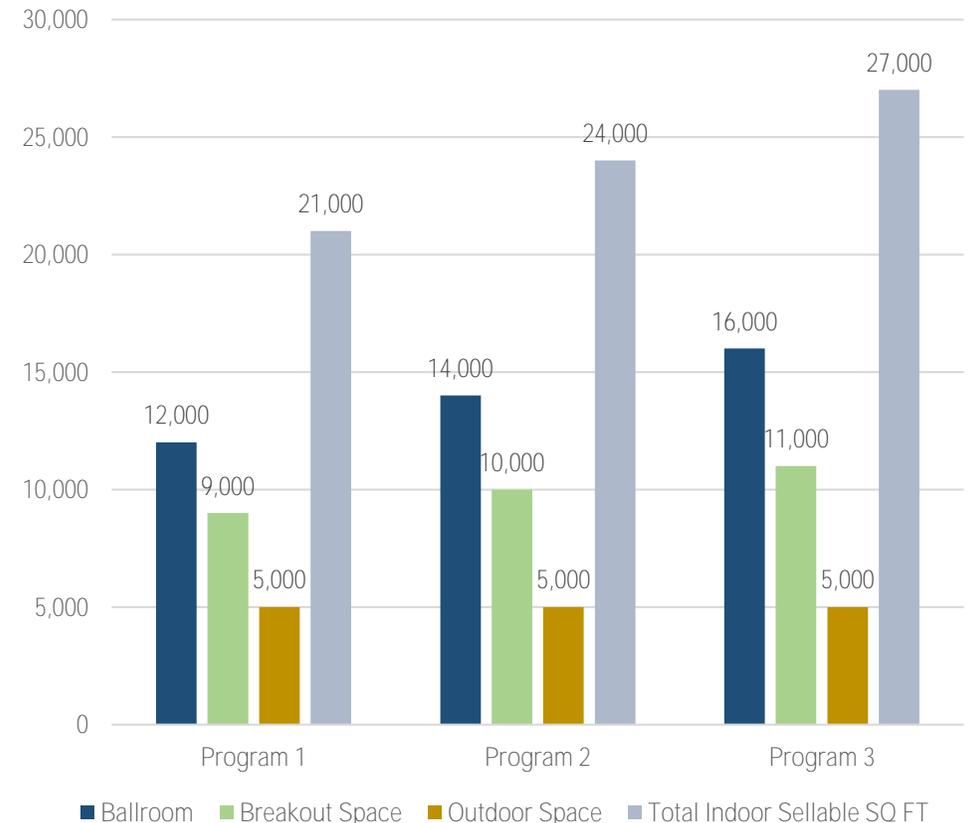


FIGURE 4.1: Market Supportable Building Program Options

4.0 - LOCAL MARKET CONDITIONS

Introduction

The Local Market Conditions Analysis provides an overview of demographic and socioeconomic conditions that influence demand for a conference center project in the City of Paso Robles. The analysis builds upon the previously discussed conference center analysis. B&D analyzed several components specific to Paso Robles in this section, including:

- Analysis of **Demographic** measurements such as population, household income, median age, and business climate within the County;
- Examination of **Transportation Factors** including Interstate access, air access, and rail access;
- Evaluation of **Lodging Infrastructure** including property type, seasonality trends, and key metrics (ADR, RevPAR, and Occupancy); and
- An analysis of **Meeting Space Inventory** analysis of sellable meeting space in the City and facility elements (SQ FT, hotel rooms, area, etc.).

Methodology

Utilizing primary and secondary sources, B&D completed a series of related exercises to gain an understanding of the demographic and economic environment of the Paso Robles market. B&D utilized data provided by SitesUSA to develop all demographic comparisons and analyses. The software program combines geographic information systems (“GIS”) technology with extensive demographic, consumer, and business information to generate a detailed statistical profile for the City and surrounding region.

Other sources utilized in this analysis include the FAA for air traffic statistics such as passenger enplanement, STR Global for hotel statistics, and various facility websites for meeting space inventory.

4.0 - LOCAL MARKET CONDITIONS

Central Coast Geography

Market Definition

Paso Robles is located in San Luis Obispo County in California's "Central Coast Region." The region is located between the San Francisco and Los Angeles regions and includes the counties of Monterey, San Luis Obispo, Santa Barbara, and Ventura. The City is equidistant to both San Francisco and Los Angeles at approximately 200 miles in each direction, which theoretically adds appeal to state associations interested in holding events in mutually convenient geographical locations.

Paso Robles' placement within the County can be further described as being a part of "North County." North County, as shown in Figure 4.1 to the right, is defined by the San Luis Obispo Chamber of Commerce as the region north of Santa Margarita, which also includes Paso Robles, San Miguel, Templeton, and Atascadero, as well as other smaller communities.

The federal government's Office of Management and Budget defines an MSA as a region with a densely populated core surrounded by less populated communities that pose a high degree of economic and social integration. San Luis Obispo County and San Luis Obispo-Paso Robles MSA share the same boundaries. B&D's subsequent analyses utilize information from this geographical area.



FIGURE 4.1: Paso Robles Market Definition

4.0 - LOCAL MARKET CONDITIONS

Demographics

Demographic Comparisons

Paso Robles has a population of nearly 32,000 residents and an anticipated five-year annual population growth of .6%; this figure is slightly less than the MSA, state, and national levels, which range from .7% to .9%. While five-year population growth is lower than other jurisdictions, City population growth has been considerable from 2000 to 2017. According to the U.S. Census, the current population of 31,836 is nearly 7% higher than the population in 2010 (29,793) and nearly 31% higher than the population in 2000 (24,297). The City's annualized growth rate from 2000 to 2017 is 1.6%.

Figure 4.3 to the right shows household income and expenditure statistics for the same jurisdictions. Paso Robles' average household income is nearly identical to the national average at just over \$80,000 but falls to \$55,000 after being normalized for the region's high cost of living (45% above the national average). Though normalized income is below the national average, retail spending for the City and MSA are above the national average but below the levels observed elsewhere in the state.

	Est Population (2017)	Population 5-Year Growth %	Total Households	Avg Household Size	Median Age
Paso Robles	31,836	0.6%	11,563	2.7	35.1
MSA	284,627	0.7%	109,071	2.5	38.6
State	39.6 M	0.9%	13.4 M	2.9	35.7
National	324.3 M	0.8%	123.5 M	2.5	37.1

Source: SitesUSA

FIGURE 4.2: Paso Robles Population Statistics

	Est. Avg. Household Income	Est. Normalized Income	Monthly Household Expenditures		Cost of Living Index
			Retail	Entertainment	
Paso Robles	\$80,244	\$55,341	\$2,299	\$284	1.45
MSA	\$86,114	\$57,795	\$2,411	\$298	1.49
State	\$93,926	\$69,575	\$2,526	\$315	1.35
National	\$80,611	\$80,611	\$2,280	\$281	1.00

Source: SitesUSA

FIGURE 4.3: Paso Robles Economic Statistics

4.0 - LOCAL MARKET CONDITIONS

Transportation

Transportation Factors

Vehicular Access: The City of Paso Robles' primary transportation artery is U.S. Route 101 that runs from San Francisco to Los Angeles. The average daily traffic count on Route 101 near downtown Paso Robles reaches nearly 40,000, which is the highest traffic count in the City. For reference, the City's second highest traffic count is on Niblick Rd, which reaches 26,000 at it's busiest point. The City's secondary source of vehicular access is California State Route 46, which provides access to the west coast and to U.S. Interstate 5 to the east.

Air Access: The Paso Robles Municipal Airport is a large civil aviation airport in the northeast quadrant of the City and does not have scheduled commercial air service. The City's primary means of commercial air transportation is through San Luis Obispo County Regional Airport (SBP), which is located 35 miles south of the City. The airport has strong regional service throughout the western region as a result of non-stop links to Los Angeles, San Francisco, Seattle, Phoenix, and Denver. From 2011 to 2015, passenger enplanements grew nearly 9% (2% annualized).

Rail Access: As shown in Figure 4.4, Paso Robles Intermodal Station (Amtrak) is located only 1.2 miles south of the Paso Robles Event Center. This region is served by the "Coast Starlight" and "Pacific Surfliner". This station provides access to major population centers including Seattle, Portland, Sacramento, Oakland / San Francisco, and Los Angeles.

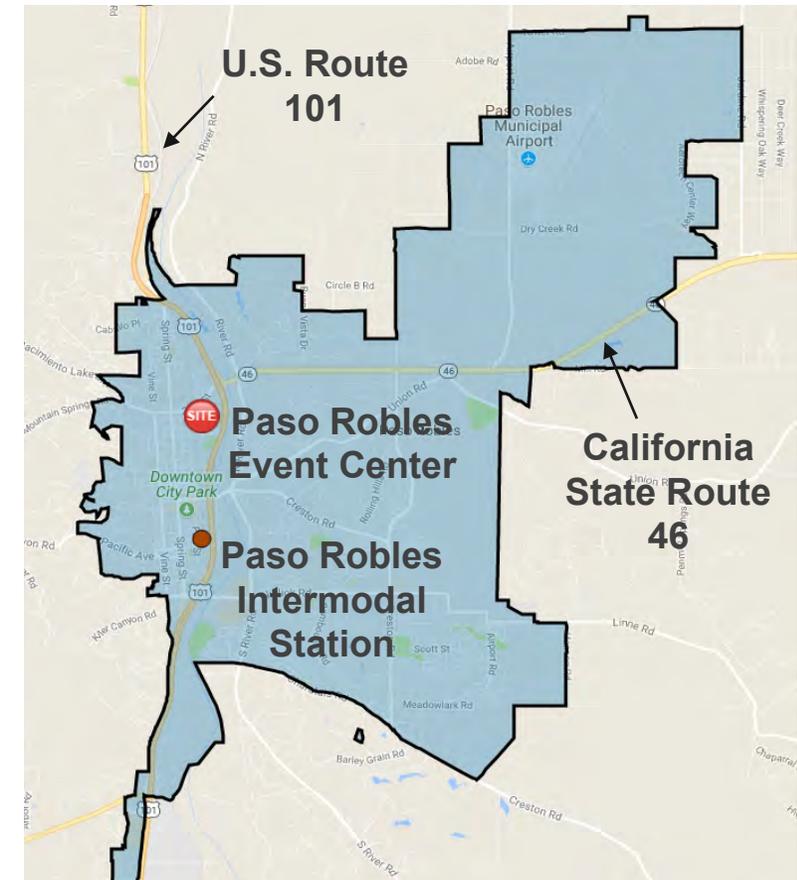


FIGURE 4.4: Paso Robles Transportation Factors

4.0 - LOCAL MARKET CONDITIONS

Hotel Analysis

Hotel Inventory & Capacity

Paso Robles currently has 1,447 hotel rooms across 21 separate hotel properties. An additional 1,320 rooms across nine properties have been approved for development and another 337 are currently planned but not approved. The largest existing hotel in the City is the Allegretto with 171 guest rooms. Approved hotel projects range in total guest rooms from 66 at The Oaks to 288 at Destino Paso.

There are 623 existing hotel rooms and an additional 66 approved for development within 0.5 miles from the Event Center. As indicated in the previously completed event planner survey, event planners prefer conference venues that have a headquartered hotel or ample inventory of hotel rooms within half a mile of the site. The project will benefit from 689 rooms within half a mile, 623 of which are at existing properties. More importantly, 381 of the 689 rooms are considered midscale quality or above, which is generally meeting planners preference for property quality. For reference, comparable conference center venues in the Visit SLO CAL report have an average of 421 rooms within the same radius. The plethora of rooms within walking distance somewhat mitigates the project's lack of and need for a headquarters hotel property.

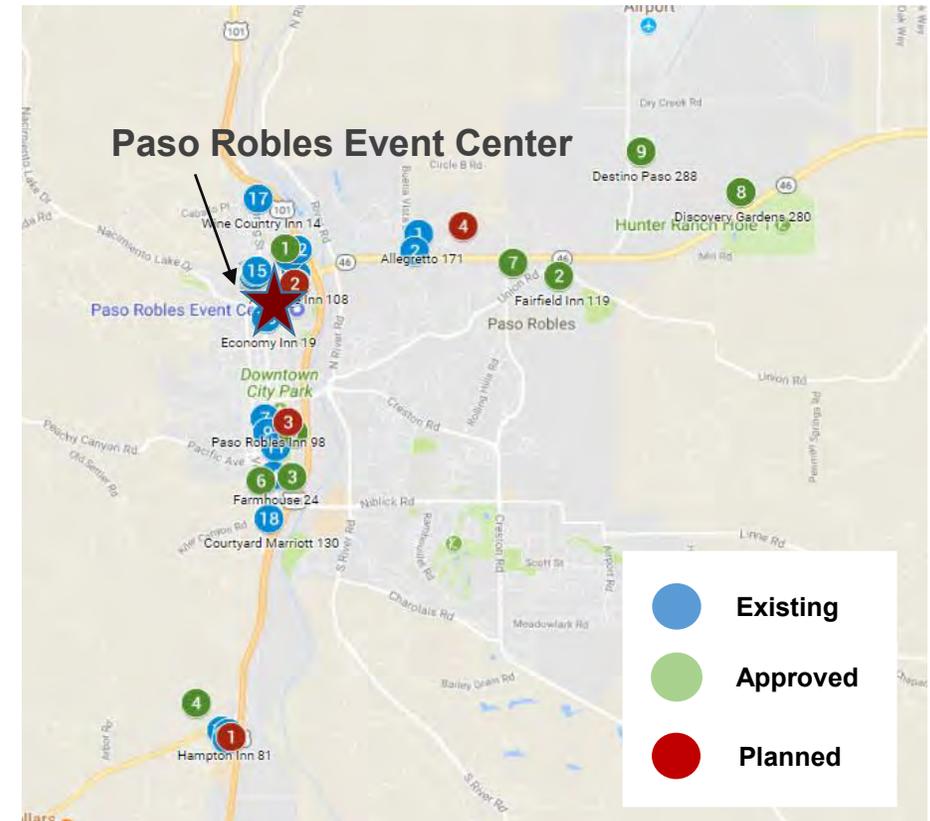


FIGURE 4.5: Paso Robles Hotel Inventory

Note: Non-hotel lodging is not incorporated into this analysis.

4.0 - LOCAL MARKET CONDITIONS

Hotel Analysis

Hotel Class & Capacity

Figure 4.6 below shows the count of existing Paso Robles hotel rooms by class. Five hundred and sixty (560) of the city's 1,447 rooms (Motel 6, Economy Inn, River Lodge) are economy, 228 are midscale (La Quinta, The Oaks), and 453 are upper midscale (Hampton Inn & Suites, Ayres Allegretto, BW Black Oak). Only 206 are rated higher than upper midscale (Hotel Cheval, La Bellasera, Courtyard Paso Robles). In B&D's experience, meeting planners generally prefer midscale properties or better. Taking into consideration only existing properties, the Paso Robles market has four midscale or better properties that can accommodate more than 100 guests. In B&D's professional opinion, all 1,320 hotel rooms approved for development will likely be considered midscale or above, which is a positive indicator for the project.

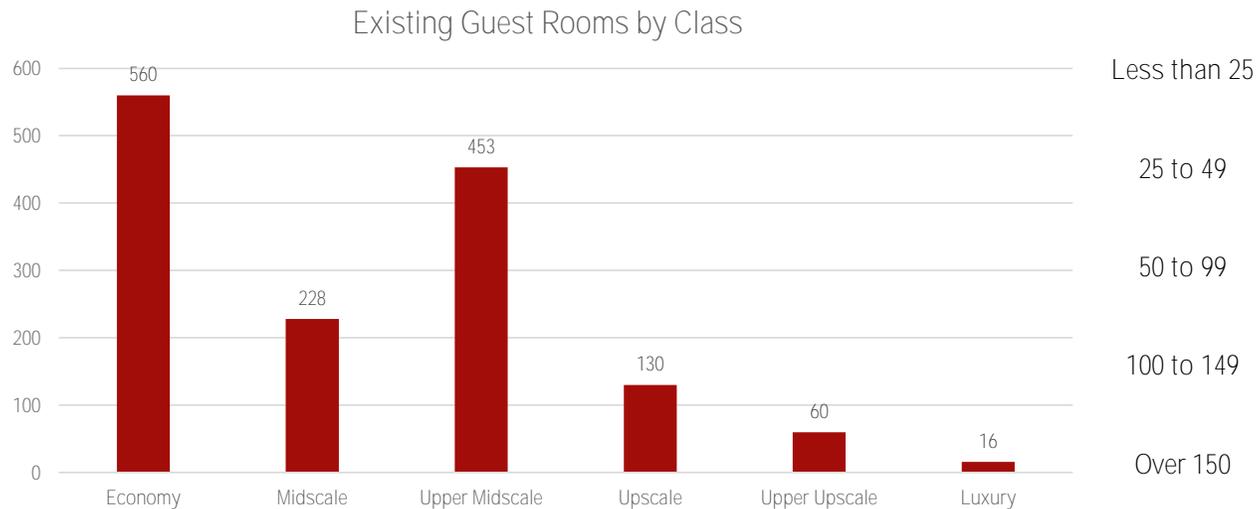


FIGURE 4.6: Paso Robles Hotel Inventory by Class

	Economy	Midscale	Upper Midscale	Upscale	Upper Upscale	Luxury
Less than 25	7	0	0	0	0	1
25 to 49	2	0	0	0	0	0
50 to 99	0	1	2	0	1	0
100 to 149	3	1	1	1	0	0
Over 150	0	0	1	0	0	0

Source: City of Paso Robles, Visit SLO CAL

FIGURE 4.7: Paso Robles Hotel Matrix by Class and Room Count

4.0 - LOCAL MARKET CONDITIONS

Hotel Analysis

Hotel Performance

B&D analyzed Paso Robles hotel performance in relation to North County and San Luis Obispo County based on Average Daily Rate and Occupancy, which are defined below:

- **Average Daily Rate (ADR):** Represents the average rental income per paid occupied room in a given time period.
- **Occupancy:** the proportion of rooms offered that are occupied or in use.

Figure 4.8 to the right shows that the average hotel room in Paso Robles is slightly more expensive than the average hotel room elsewhere in North County. In contrast, Paso Robles rooms are cheaper throughout the year than the county-wide average by approximately \$10.

Figure 4.9 shows occupancy levels over the last twelve months (Ending June 2017) for the same three regions. Hotels in Paso Robles and North County are affected by the same seasonality trends as San Luis Obispo County and experience highest occupancy levels in the summer months (from June to August) and lowest occupancy levels in December and January. In August of 2016, regional occupancy for all jurisdictions was above 80%, but it falls sharply in January to 50% to 55% for all areas examined.

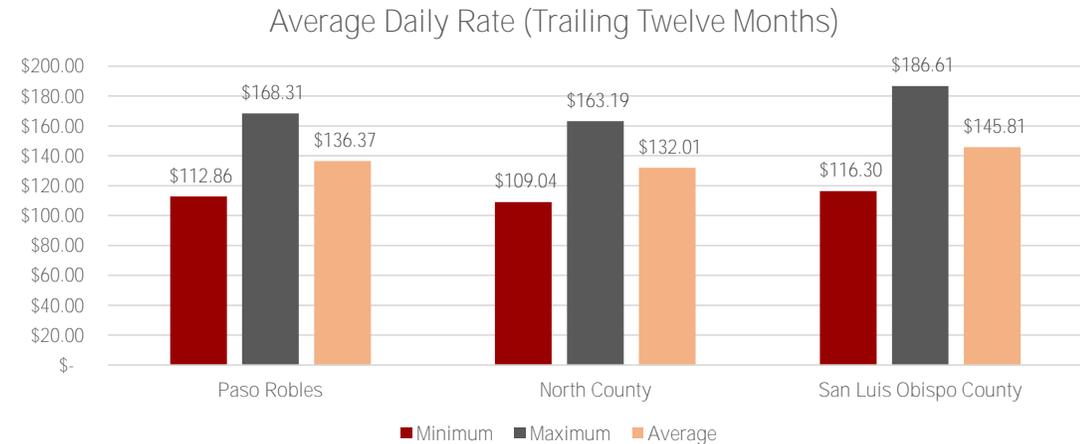


FIGURE 4.8: Paso Robles, North County, and SLO County Hotel ADR

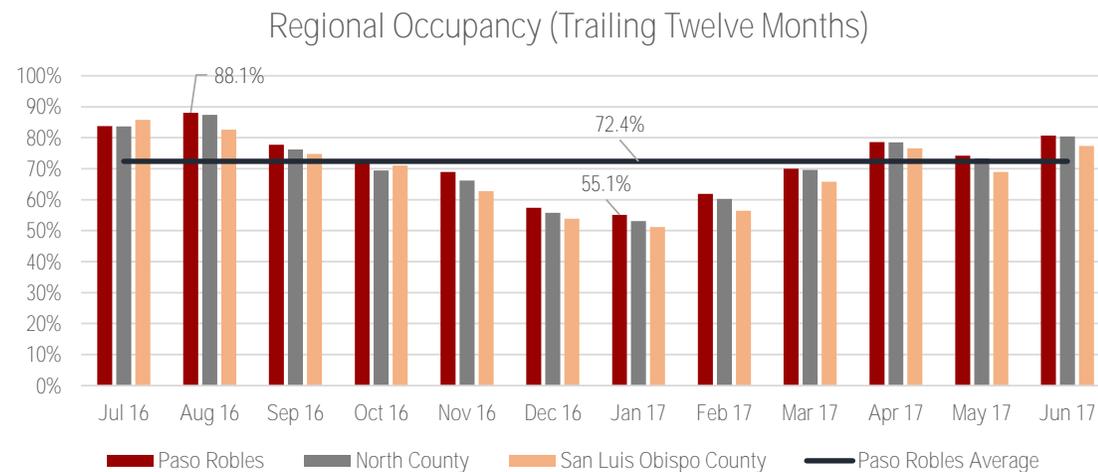


FIGURE 4.9: Paso Robles, North County, and SLO County Hotel Occupancy

4.0 - LOCAL MARKET CONDITIONS

Competitive Meeting Space

North County Meeting Space Inventory

B&D identified 20 facilities in North County that offer meeting space, 15 of which are located at hotel properties. As shown in figure 4.10 below, the top three facilities in terms of total meeting space offer between 6,000 SQ FT at The Carlton Hotel and 8,600 SQ FT at Pavilion at the Lake. In addition to having the most meeting space, the Pavilion at the Lake has the largest contiguous ballroom space at just over 4,400 SQ FT. As discussed in the previous analysis, the County's largest ballroom is located at the Embassy Suites San Luis Obispo (5,400 SQ FT). North County's entire inventory of meeting space is attached to this report as Exhibit A.

Total On-Site Meeting Space (Top 10)

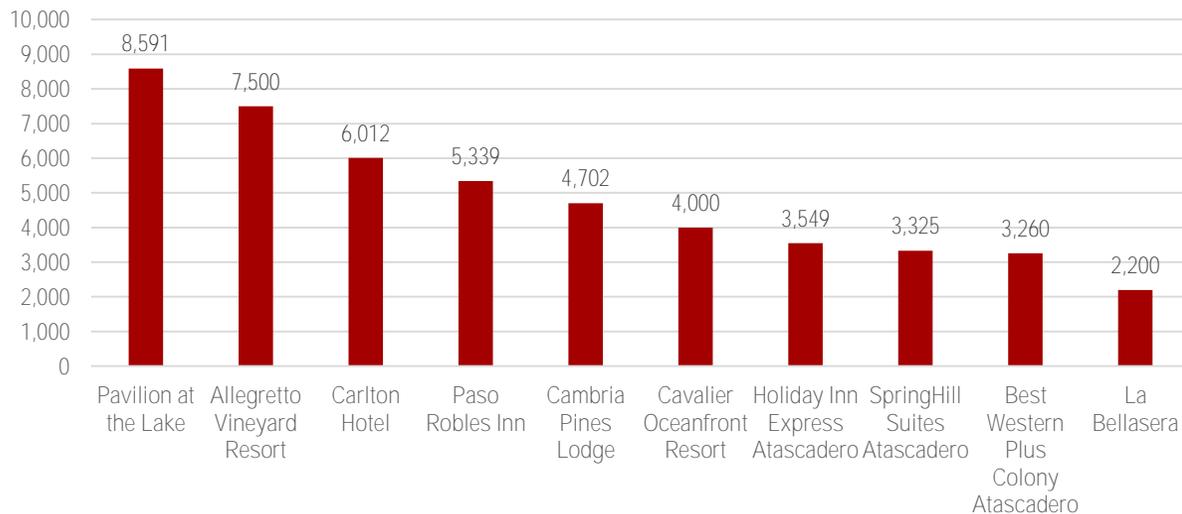


FIGURE 4.10: North County On-Site Meeting Space Totals

Largest Competitive Meeting Spaces (Top 10)

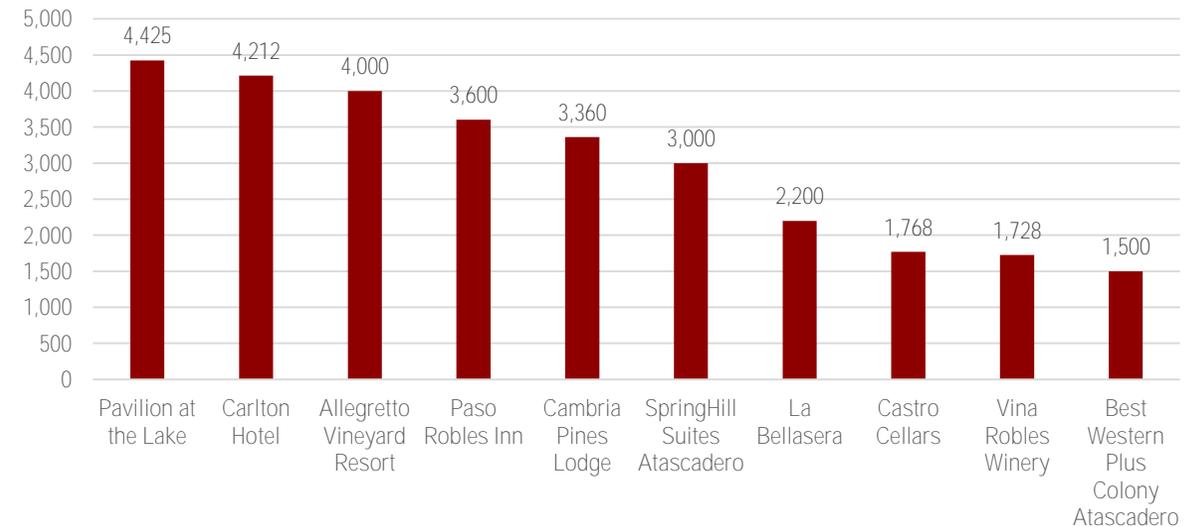


FIGURE 4.11: North County Largest Competitive Meeting Spaces

5.0 – COMPARABLE FACILITIES

Conference Center Facilities

Introduction

In the Visit SLO CAL report, B&D identified 10 comparable conference center facilities on the basis of similarity to the County in terms of 100-mile population. These conference centers were utilized to analyze building programs, event mixes and attendance, and to evaluate the impact these factors have on financial performance. This previous review is supplemented by a review of comparable fairground facilities that are similar in size to the Paso Robles Event Center, which is considered a traditional fairground facility. B&D examined which conference center elements are commonly included at these properties to understand what synergies might be realized by locating the project on the site of the Event Center and adjust event and attendance projections accordingly.

Conference Center	Attendance	Sellable SQ FT	Attendees per SQ FT
Two Rivers Convention Center	59,310	20,700	2.9
Yakima Convention Center	101,762	37,367	2.7
Pueblo Convention Center	48,377	23,500	2.1
Wenatchee Convention Center	50,510	25,462	2.0
Vicksburg Convention Center	50,510	25,557	2.0
Salem Convention Center & The Grand Hotel	58,000	30,000	1.9
The Conference & Event Center Niagara Falls	84,123	51,000	1.6
Wilmington Convention Center	85,246	57,580	1.5
Monterey Conference Center	61,931	43,000	1.4
Emerald Coast Convention Center	78,000	55,495	1.4
Average	67,777	36,966	2.0
Median	60,621	33,684	2.0
Maximum	101,762	57,580	2.9

Source: Internet research, telephone interviews with city officials, telephone interviews with site staff

Note: Monterey Conference Center attendance figures are pre-renovation.

FIGURE 5.1: Visit SLO CAL Comparable Facility Attendance Analysis

Visit SLO CAL comparable Conference Centers

The 10 comparable conference centers attracted an average of 68,000 annual attendees. Pueblo attracted the fewest with 48,000, while Yakima had over 100,000 in the most recent year. When attendance is measured on a per SQ FT basis, facilities averaged two attendees per SQ FT of leasable space offered. This would suggest that, on average, a facility with 20,000 SQ FT could expect 40,000 annual attendees. It is important to note that four of the five smallest facilities attracted the greatest number of attendees per SQ FT, suggesting there are diminishing returns with constructing a larger facility in markets similar in size to San Luis Obispo County.

5.0 – COMPARABLE FACILITIES

Fairground Facilities

Comparable Fairground Facility Identification

B&D identified eight comparable fairgrounds / event centers. MSA population was the primary population metric utilized to select these facilities and markets. The figure to the right shows population levels for the comparable facilities' markets in relation to the Paso Robles market. In addition to MSA population, B&D compared population levels for a 25- and 100-mile radius from the comparable facilities. The purpose of utilizing 25- and 100-mile radii is to identify facilities that may benefit from placement near a larger MSA. Comparable facility MSA populations range from 280,000 at Kay Rodgers Park (Fort Smith, AR) to 437,000 at Bell County Expo Center (Belton, TX). Paso Robles' MSA population is nearly 285,000. An overview of each comparable fairgrounds can be found on the following pages.

Facility	Market	Population		
		25-Mile	100-Mile	MSA
Kay Rodgers Park	Fort Smith, AR	241,327	2,201,428	279,777
Benton County Fairgrounds	Kennewick, WA	281,087	952,936	286,051
Saint Joseph County 4-H Fairgrounds	South Bend, IN	607,175	11,100,000	319,942
Boulder County Fairgrounds	Boulder, CO	1,239,170	4,786,433	325,797
Mississippi Valley Fair	Davenport, IA	397,054	2,549,139	384,284
Oregon State Fair Expo Center	Salem, OR	583,941	3,741,270	414,827
Bell County Expo Center	Belton, TX	388,348	3,788,121	436,543
Island Grove Events Center	Greeley, CO	550,555	4,162,834	294,580
Average	-	536,082	4,160,270	342,725
Paso Robles Event Center	Paso Robles, CA	169,454	3,380,525	284,627

Source: SitesUSA

FIGURE 5.2: Comparable Fairground Market Population

5.0 – COMPARABLE FACILITIES

Fairground Facilities

Kay Rodgers Park | Fort Smith, AR

Kay Rodgers Park, located in Fort Smith, AR is open year-round and operated by a full-time staff. Main facility events include the Arkansas-Oklahoma State Fair, Old Fort Days Rodeo, and Old Fort Days Barrel Futurity.

Kay Rodgers Park's programmatic elements include an expo center, two dirt-floor covered arenas, and 10 enclosed barns / livestock buildings. The expo center offers 24,000 SQ FT of contiguous space that is divisible into three spaces. The facility offers concrete floors and 18' ceilings. Additional building elements include breakout spaces and a serving kitchen.

Harper Stadium is a covered, open-air arena with a 37,000 SQ FT dirt floor. The arena has grandstand seating with fixed seating capacities ranging from 7,000 for concerts to 9,000 for arena events.



Benton County Fairgrounds | Kennewick, WA

Benton County Fairgrounds, located in Kennewick, WA and is owned by Benton County. The Fairgrounds is home to the Benton Franklin Fair and Rodeo and Horse Heaven Round-Up Rodeo. The Fairgrounds has directed its resources towards facility improvements over the last three decades with the intent of increasing fair and rodeo attendance. Improvements have included the addition of livestock barns, agriculture buildings, RV hookup additions, and spectator seating for the 4-H arena and main grandstand.

A \$1.6 million renovation has been approved to update two of the five commercial buildings (2017). Upgrades will include modern HVAC systems, doors, and proper walls. Additionally, ceilings will be painted and high-efficiency LED lights will be installed.

Programmatic elements of the facility include five indoor event halls that range between 2,250 SQ FT and 15,000 SQ FT, seven open-air livestock barns, and one enclosed livestock barn.



5.0 – COMPARABLE FACILITIES

Fairground Facilities

St. Joseph County Fairgrounds | South Bend, IN

Saint Joseph County Fairgrounds is located in South Bend, IN and is home to the St. Joseph County 4H Fair each July. The operating mission of the Fair and Fairgrounds is to provide the means and facilities to educate both young people and adults in agriculture and its related fields.

Programmatic elements include two event halls, a covered dirt-floor arena, several livestock buildings, and an amphitheater (Stage and Grandstands). The facility's largest contiguous indoor space measures 23,000 SQ FT and is the main event space in the Newton Family Commercial Building. Esther Singer Exhibit Hall contains a 16,000 SQ FT exhibition space and an adjacent meeting room.



Boulder County Fairgrounds | Boulder, CO

Boulder County Fairgrounds is located on 83 acres in Boulder, CO and is home to the Boulder County Fair. The Fair is a 10-day event held annually in late July through early August. The Fair includes agriculture and livestock based events, a carnival, and other family events. The facility also hosts the Saturday Longmont Farmers market, which occurs every Saturday from April to November. The Farmers Market hosts live music and various family events as well as a list of roughly 60 vendors each Saturday.

Programmatic elements of Boulder County Fairgrounds include one exhibit building, an indoor dirt-floor arena with 1,000 fixed seats, an outdoor arena with grandstand seating for 5,000, and five barns. The facilities largest contiguous indoor space is an exhibit hall measuring 40,000 SQ FT. Barn A measures 7,212 SQ FT while Barns B-E measure 20,000 SQ FT each. Additional facility offerings include 170 stalls and 90 RV hookups.



5.0 – COMPARABLE FACILITIES

Fairground Facilities

Mississippi Valley Fairgrounds | Davenport, IA

Mississippi Valley Fairgrounds is located in Davenport, IA and is home to the Mississippi Valley Fair. The Fair is a six-day event held annually in early August. The Fair includes concerts, livestock events, family events, and rodeos. The Fairgrounds also hosts events throughout the year including car shows, concerts, weddings, flea markets, private parties and trade shows. Facilities are also utilized as leasable storage space for boats, cars, and motorhomes during the off-season.

Programmatic elements include five indoor event halls, two outdoor arenas, and four barns. The facility's largest contiguous indoor space measures 30,000 SQ FT. The Starlite Ballroom offers 11,250 SQ FT of sellable space with a seating capacity of 300-700 people. The space includes air conditioning, a bar, bathrooms, wooden dance floor, and a built-in stage.



Oregon State Fair Expo Center | Salem, OR

Oregon State Fair Expo Center is located on 185 acres in Salem, OR and is home to the Oregon State Fair. The Fair is an 11-day event held annually in late August through early September. The fair includes concerts, family events, trade shows, livestock events, and other community-based events.

Programmatic elements of Boulder County Fairgrounds include five indoor event halls with a combined 100,000 SQ FT of event space, an indoor hard-floor arena with 30,000 SQ FT of event space, a dirt-floor indoor arena, and two livestock barns. Cascade Hall is a 5,450 SQ FT event hall that opens up to amphitheater grandstand seating. Unlike typical fairground arenas, The Pavilion is a hard-floor finished arena that is utilized for non-livestock events such as trade shows and sports tournaments.



5.0 – COMPARABLE FACILITIES

Fairground Facilities

Bell County Expo Center | Belton, TX

Bell County Expo Center is located on 43 acres in Belton, TX and is home to the Central Texas State Fair. The Expo Center is owned by Bell County and managed by Bell County Expo, Inc. Bell County Expo, Inc. is a non-profit organization lead by a board of directors. The State Fair is an annual three-day event held in early September. In addition to the annual State Fair, the Expo Center holds various events to include concerts, trade shows, banquets, rodeos, professional sports (minor league hockey and indoor football), and more.

Programmatic elements of the facility include three indoor event halls with a combined 78,400 SQ FT of event space, an indoor hard-floor arena with nearly 30,000 SQ FT of event space, a dirt-floor indoor arena, an outdoor open-air arena, and a horse barn.



Island Grove Event Center | Greeley, CO

Island Grove Events Center is located on 145 acres in Greeley, CO and is home to the Weld County Fair, a ten-day event held annually in the last week of July. The complex is owned by the City of Greeley and Weld County.

Programmatic elements of the Bell County Expo Center include five indoor event halls with a combined 96,500 SQ FT of event space, an outdoor arena with grandstands with an attached warm-up arena, and a livestock building measuring 30,000 SQ FT. The Bunkhouse is the city's former City Hall and is used for reunions, weddings, and other family events. The Buckle Club is the Events Center's newest facility and was completed in 2016. Features include a 1,160 SQ FT meeting room with high-quality finishes and a 1,200 SQ FT covered patio.



5.0 – COMPARABLE FACILITIES

Fairground Facilities

Comparable Facilities Building Programs

The table to the right shows a summary of programmatic offerings at the comparable facilities discussed previously. On average, comparable facilities offer 75,000 SQ FT of indoor sellable space across 10 buildings. Mississippi Valley Fairgrounds is the only facility in the comparable set that includes a ballroom, which indicates that this type of space is not common for fairgrounds. As such, B&D does not assume the presence of the Event Center will have any material impact on event frequency and attendance. Instead, the primary benefit afforded to the project is in providing the ability to leverage its existing staff and policies and procedures. A full breakdown of programmatic elements at comparable fairgrounds can be found in Exhibit B.

Facility	Program Summary			
	Total Buildings	[1] Largest Indoor Space	[1] [2] Indoor Sellable Space	Ballroom Space
Kay Rodgers Park	13	24,000	26,775	-
Benton County Fairgrounds	13	15,000	41,000	-
Saint Joseph County 4-H Fairgrounds	7	23,100	39,000	-
Boulder County Fairgrounds	8	40,000	40,000	-
Mississippi Valley Fairgrounds	11	30,000	78,850	11,250
Oregon State Fair Expo Center	10	48,000	145,102	-
Bell County Expo Center	7	55,000	107,400	-
Island Grove Events Center	11	60,000	118,498	-
Average	10	36,888	74,578	-
Paso Robles Event Center	8	18,624	55,000	-

[1] Measured in square feet; includes expo space, multi-purpose space, meeting space, and hard-floor indoor arenas. Excludes barns and livestock based facilities as well as unfinished dirt-floor arenas.

[2] Exhibit building SQ FT is an estimate of 15,000 for Oregon State Fair Expo Center.

FIGURE 5.3: Comparable Fairground Program Summary

6.0 – FINANCIAL ANALYSIS

Introduction

The Financial Analysis quantifies potential revenue generated by the project and measures the capacity of those revenue streams to meet required operating expenses. The revenue and expense projections build upon a series of exercises, which include development of a recommended building program, a conceptual project budget, and event and attendance projections. B&D developed a pro forma with three operating scenarios (conservative, moderate, aggressive) to project a range of outcomes. For this analysis, B&D assumes a 2020 opening year and stabilization in the third year of operation, 2022. Furthermore, B&D assumes the Event Center will operate the project under a joint party agreement with the City, though the exact nature of this agreement is not known at the time of this study.

Methodology

The key to the Financial Analysis is the comprehensive financial model. This tool allows for a thorough understanding of the financial implications associated with investing in a conference center by integrating the program, budget, revenue projections, and operating expenses into an all-inclusive model. These elements and the underlying calculations depend on a consistent set of integrated assumptions informed by the Market Analysis and findings from the Visit SLO CAL study. Revenue and expense assumptions are based on business models observed at comparable conference center facilities.

Qualifications

Due to circumstances outside of B&D's control, projected results may vary significantly from the facility's actual performance. Therefore, B&D cannot ensure that the results presented in this report will reflect the actual performance of the proposed project. However, to identify the range of risks inherent in a conference center project, the model allows for testing multiple performance scenarios to assess assumptions under a variety of economic conditions.

6.0 – FINANCIAL ANALYSIS

Building Program & Conceptual Budget

Introduction

This section outlines B&D's recommended program for a new market-supportable conference center on the site of the Paso Robles Event Center. The programmatic recommendations outlined herein serve as the basis for development of a conceptual project budget, event and attendance projections, and development of associated revenue and expense projections. A brief description of typical conference center spaces and rationale for the recommended program follow in forthcoming text. At the conclusion of this section is presentation of the conceptual project budget.

Conference Center Space Types

Conference centers are configured with a multitude of spaces that are designed to complement one another and ultimately attract a specific range of targeted events. A description of each space type follows:

- **Ballroom:** Ballrooms are typically the largest contiguous spaces in conference centers without exhibition space. These spaces often occupy over 50% of total leasable space in the facility and contain high-quality finishes, higher ceilings, and a carpeted floor. Ballrooms have walls that can be partitioned to divide the space into areas that can host separate events in each room. The ballrooms found in comparable conference centers generally range from 10,000 to 20,000 SQ FT.
- **Meeting Rooms:** Meeting rooms or “breakout spaces” are also standard program inclusions in conference center developments. These spaces support the ballroom and provide additional space for smaller meetings. These spaces typically measure 600 to 1,000 SQ FT and are located proximate to the ballroom.

6.0 – FINANCIAL ANALYSIS

Building Program & Conceptual Budget

Conference Center Space Types (cont.)

- Boardroom:** Boardrooms are similar in size and function to meeting rooms. However, the primary differentiating feature between the two is the presence of fixed furniture. These spaces are slightly smaller than meeting rooms and often measure between 500 to 700 SQ FT.
- Auditorium / Performing Arts Center / Theatre:** Auditoriums are performance halls with fixed spectator seating. These spaces are typically utilized for stage performances such as speeches, plays, concerts, etc. Characteristics often include fixed seating, high ceilings, and acoustic treatments. Capacity is measured in seat count as opposed to SQ FT.
- Exhibit Hall:** Exhibit halls are large contiguous spaces which typically possess polished concrete floors and durable industrial finishes. These spaces can be utilized for trade and consumer shows, job fairs, sporting events, livestock events, and more. These spaces often measure in excess of 20,000 SQ FT.

Recommended Program

B&D’s recommended facility program includes 19,500 SQ FT of leasable space, including a ballroom of 11,000 SQ FT, six meeting rooms, one board room, and pre-function space. The ballroom should be divisible into three or four separate spaces. The importance of the ballroom’s inclusion cannot be understated; it is frequently the most sought after space in conference center facilities due to its flexibility and will also partially rectify a shortcoming in ballroom space in the County. It should be emphasized this configuration is the maximum market-supportable concept and expansion of the concept is unlikely to result in incremental event attendance.

Space Type	Units	SQ FT	Leasable SQ FT
Exhibition Space	0	0	0
Ballroom	1	11,000	11,000
Auditorium	0	0	0
Meeting Rooms	6	800	4,800
Board Room	1	700	700
Pre-Function	1	3,000	3,000
Total	9	-	19,500

FIGURE 6.1: Recommended Building Program

6.0 – FINANCIAL ANALYSIS

Building Program & Conceptual Budget

Conceptual Project Budget

Based upon the recommended project concept and local market conditions, B&D developed a preliminary conceptual budget for the conference center. Utilizing a grossing factor of 1.8, the building program measures 35,100 gross square feet. The actual project costs may vary significantly due to numerous factors, including actual facility design characteristics (such as the final building SQ FT, level of amenities, and building systems) and construction conditions in the Paso Robles market at the time of bidding. However, B&D developed a conceptual budget based on its database of similar projects and input from industry resources.

The table to the right shows the project cost, utilizing a \$590 per square foot estimate for hard costs. In addition to hard costs, soft costs of 25% bring the total project cost to an estimated \$740 per SQ FT. Soft costs include items such as architectural and engineering services, owner’s contingency, and project management, among others. Based on the per square foot estimate, the total conceptual budget measures approximately \$26 million. These figures are presented in 2017 dollars and are subject to further refinement pending development of architectural renderings and additional due diligence being conducted on the project site.

Conceptual Project Budget (2017 Dollars)		
Project Cost	\$740.00	\$25,974,000
Hard Costs		\$19,480,500
Soft Cost	25%	
A/E Professional Services	7%	\$1,818,180
Financing	1%	\$129,870
Construction Period Interest	2%	\$519,480
Project Management	2%	\$519,480
Legal / Accounting	2%	\$519,480
Permits	1%	\$259,740
Testing & Inspections / Misc.	2%	\$389,610
LEED Premium	0%	\$0
Owner Contingency	6%	\$1,558,440
FF&E	3%	\$779,220

FIGURE 6.2: Conceptual Project Budget

6.0 – FINANCIAL ANALYSIS

Event Demand and Attendance

Event Projections

Figure 6.3 contains the projected event mix for the project. The projections were developed in consideration of event mixes observed at comparable conference center facilities examined in the Visit SLO CAL report and tailored for conditions in the Paso Robles market. For the moderate scenario, which B&D considers most likely, B&D projects 387 events in year 2022, the stabilized year of operations. The conservative and aggressive scenarios have 360 and 410 events, respectively. The primary event type in all scenarios is small meetings, accounting for at least 60% of activity in each of the scenarios. For the purpose of this analysis, B&D defines a small meeting as one with roughly 50 attendees. B&D projects a narrow range of conference and trade / consumer show activity; these projections are based on event levels observed at comparable facilities, all of which exhibited very narrow ranges.

	2022 Event Mix (Stabilized Year)		
	Conservative	Moderate	Aggressive
Conferences	7	8	10
Banquets	32	35	40
Small Meetings	225	240	245
Large Meetings	70	75	80
Trade & Consumer Shows	11	12	15
Other	15	17	20
Total	360	387	410

FIGURE 6.3: 2022 Event Mix – Conservative, Moderate, Aggressive Scenarios

6.0 – FINANCIAL ANALYSIS

Event Demand and Attendance

Event Characteristics

The table below examines characteristics associated with each event type used in the Financial Analysis. For each event, patron origination, event duration, space utilization, and requirements for finishes, hotel accommodations, and food and beverage are outlined. Each event type places unique demands on a conference center, generating a wide range of operational, financial, and economic impact outcomes. The patron origination, duration, and hotel room requirements are particularly important for economic and fiscal impact generation, while food and beverage is the most important factor influencing financial performance due to conference center business models relying most heavily on this stream.

Event Type	Attendance	Typical Duration	Typical Space(s) Utilized	Demand For High Quality Finishes	Demand for Hotel Rooms	Demand for F&B
Conferences	Mostly Non-Local	2.5	Ballroom, Breakout Space, Boardroom	High	High	High
Banquets	Mostly Local	1	Ballroom, Pre-Function Space	High	Low	High
Meetings	Mostly Local	1	Breakout Room, Ballroom, Boardroom	High	Low	Medium
Trade Shows	Local and Non-Local	1.5	Exhibit Hall, Ballroom	Low	Medium	Low
Consumer Shows	Mostly Local	1.5	Exhibit Hall, Ballroom	Low	Low	Low
SMERF	Local and Non-Local	1	Ballroom, Breakout Space	Medium	Low	Medium

FIGURE 6.4: Event Characteristics

6.0 – FINANCIAL ANALYSIS

Event Demand and Attendance

Patron Origination Characteristics

The table below examines patron characteristics by origination, lodging requirements, and event duration. Conferences attract the greatest proportion of non-local attendees, with an estimated 90% of patrons originating from outside the City. For remaining categories, no more than 30% of attendees are considered non-local patrons. Furthermore, an estimated 80% of conference patrons require lodging while no more than 20% of patrons for the remaining event types require lodging. The percentage of non-local patrons, those that require lodging, and the event duration serve as the basis for calculating non-local patrons and associated net new demand for room nights. According to the matrix below, the project will generate non-local attendance of 16,675 in the stabilized year and 11,494 room nights. These non-local attendees provide the basis for calculating economic and fiscal impacts.

Event Type		Percent Non-Local	Lodging Required	Duration of Stay	Non-Local Attendance (2022)	Room Nights Generated (2022)
Non-Local	Conferences	90%	80%	2.5	4,500	9,000
	Banquets	30%	20%	1.2	3,413	819
	Small Meetings	20%	5%	1.1	2,400	132
	Large Meetings	30%	20%	1.1	1,913	421
	Trade & Consumer Shows	30%	20%	1.5	3,600	1,080
	Other	20%	5%	1.0	850	43
Totals					16,675	11,494

FIGURE 6.5: Out-Of-Market Attendance and Room Nights Generated

6.0 – FINANCIAL ANALYSIS

Event Demand and Attendance

Comparable Conference Center Event and Attendance Comparisons

The tables below show B&D’s conservative, moderate, and aggressive event and attendance projections in relation to comparable facilities. In B&D’s professional opinion, a new conference center in Paso Robles will share event frequency and size characteristics with the smaller facilities such as the Pueblo Convention Center and Two Rivers Convention Center. The event calendars for these smaller facilities contain a higher frequency of small meetings, which places them near the top of the spectrum for total annual events and near the bottom for annual attendance.

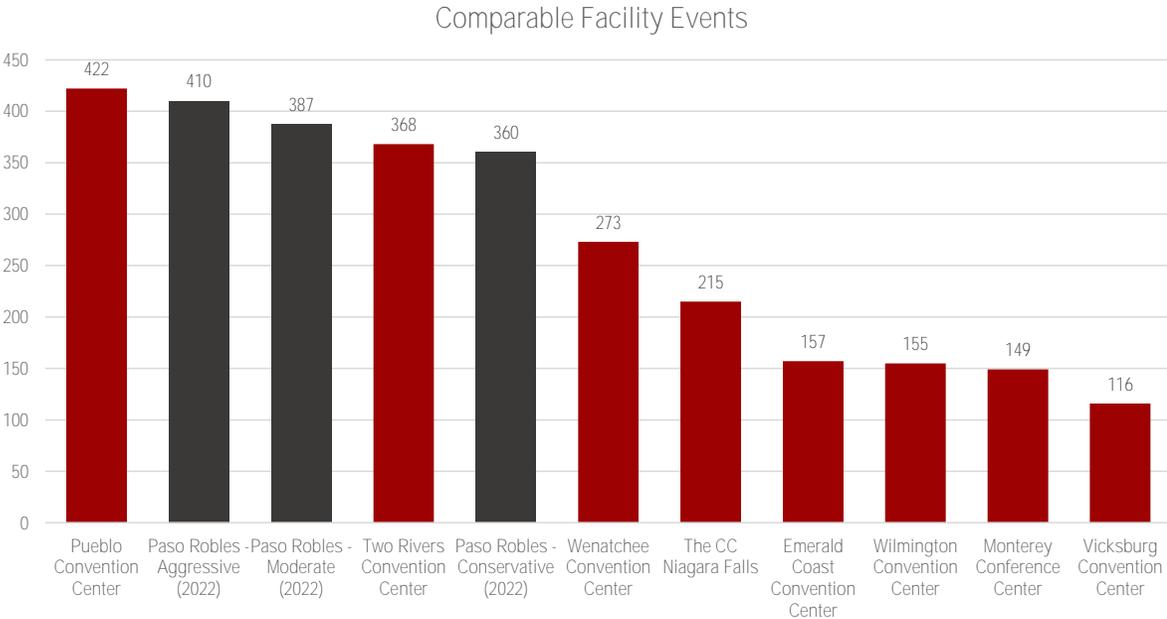


FIGURE 6.6: Comparable Facility Events

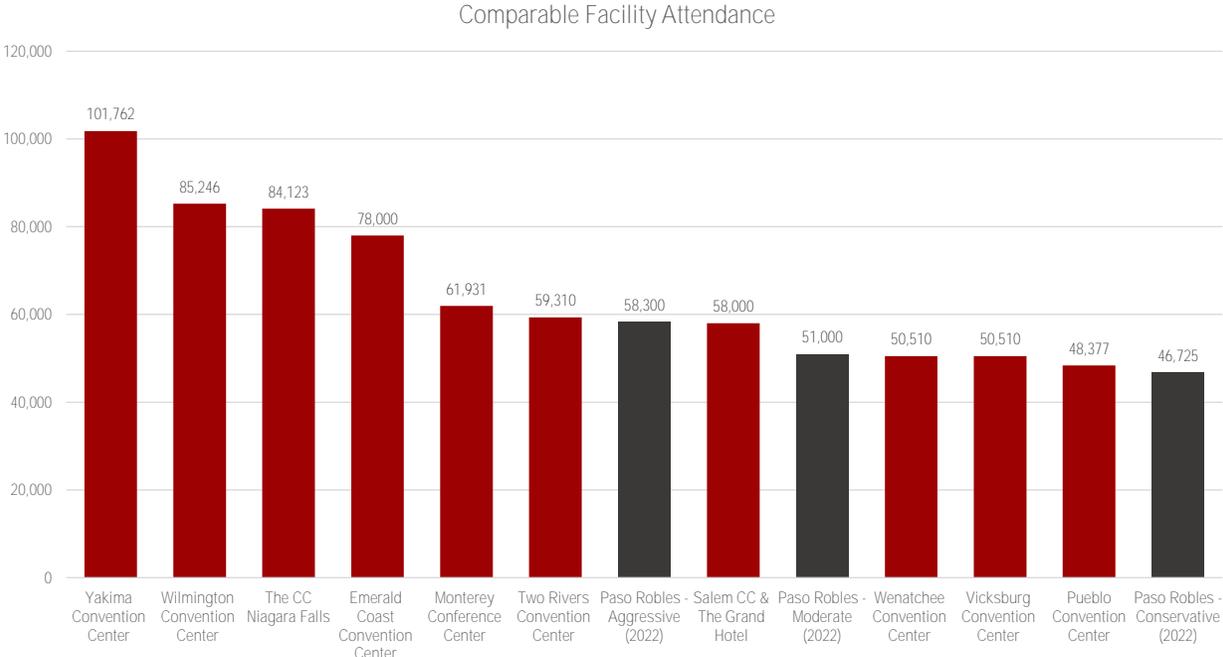


FIGURE 6.7: Comparable Facility Attendance

6.0 – FINANCIAL ANALYSIS

Revenue and Expense Analysis

Revenue Assumptions

Revenues generated by a new conference center primarily include space rental and income from ancillary revenue streams. B&D has utilized business models at stand-alone conference centers as the basis for calculating revenue streams and offers that these numbers could fluctuate heavily based on the operator’s business model, local market conditions at the time of operation, outsourcing vs. in-house operations (such as F&B), and other factors.

Variable revenue assumptions for event rent, catering, and service charges are outlined to the right. Based on B&D’s professional experience and analysis of comparable facilities, event rent revenue per attendee is commonly close to \$4.00 per attendee. B&D utilizes this ratio for planning purposes only; agreements negotiated by facility management will vary heavily according to the event type, desirability of the event, and its alignment with the facility’s operating mission. These agreements are generally based on space or square footage rentals.

Catering revenue is calculated by utilizing a similar per capita ratio based on the event type. For example, banquets naturally require more extensive catering than other event types. Catering ratios on a per capita basis for other event types range from \$2.50 to \$40. Service charge revenue varies due to staffing and amenities required for each event type and ranges from \$1.50 per person for “other” events to \$7.00 for conferences.

Event Rent	Rate per Attendee
Conferences	\$4.00
Banquets	\$6.00
Small Meetings	\$5.50
Large Meetings	\$4.50
Trade & Consumer Shows	\$3.00
Other	\$3.00
Rental Revenues	
Catering Revenue	per Cap Ratio
Conferences	\$15.00
Banquets	\$40.00
Small Meetings	\$22.50
Large Meetings	\$17.50
Trade & Consumer Shows	\$2.50
Other	\$10.00
Total Catering Revenue	
Service Charge Revenue	per Cap Ratio
Conferences	\$7.00
Banquets	\$5.00
Small Meetings	\$2.00
Large Meetings	\$2.00
Trade & Consumer Shows	\$2.00
Other	\$1.50
Total Service Charge Revenue	

FIGURE 6.8: Variable Revenue Assumptions

6.0 – FINANCIAL ANALYSIS

Revenue and Expense Analysis

Expense Assumptions

Expense assumptions for the project were developed using B&D’s internal database of financial performance for similar facilities. Expense structures at seven facilities were studied to develop estimates and, where appropriate, were extrapolated across the recommended building program and adjusted for Paso Robles market conditions. Per direction from the Client, B&D has assumed that current event center staff will be made available to the project, thereby reducing the number of positions that would otherwise be required to operate the facility. Operating costs to operate a new conference center are distributed among several categories including departmental expenses, such as F&B and event services, and other costs including salaries and benefits, general and administrative, contracted services, marketing, insurance, repairs and maintenance, utilities, and other expenses.

Staffing

To develop personnel costs, B&D applied a set of staffing assumptions that can be found in the figure to the right. Based on conversation with PREC and professional experience, B&D assumes a total of 3.5 full time employees with the associated salaries will be required to staff a new conference center. For financial modeling purposes and appropriate cost allocation, the sharing of employees between the new conference center and the PREC is reflected by utilizing a 0.5 staff count as shown in the second column.

Staffing Matrix	Count	Salary
Business Manager	1.0	\$65,000
Executive Assistant	0.0	\$30,000
Event Sales Manager	1.0	\$55,000
Event Operations Manager	0.0	\$40,000
Sales Coordinator	0.5	\$40,000
Assistant M&O Manager	1.0	\$40,000

Note: Staffing Matrix represents only FTEs.

FIGURE 6.9: Conference Center Staffing Assumptions

6.0 – FINANCIAL ANALYSIS

Departmental Costs

Departmental costs are measured as a function of their applicable revenue stream. Based on discussions with facility management, B&D assumes that food and beverage costs will continue to comprise 67% of revenue. Events services revenue, on the other hand, is a unique ratio that accounts for expenses incurred with decorating, equipment rental, room setup, and teardown. Departmental expenses observed at comparable projects range from 80 to 90% and B&D utilizes an 85% ratio in the financial model.

Other Operating Expenses

Other operating expenses are calculated on a per square foot basis or are measured as a function of total revenue. The expenses are based on B&D’s review of expense structures at comparable facilities. B&D would like to offer that, while the staffing matrix relies heavily on the existing staff in place at the Event Center, the non-personnel expense projections do not assume any level of efficiency as a result of the Event Center. To that end, B&D considers general and administrative and contracted service expense categories as areas where savings are most likely to be achieved because of existing policies and procedures that are currently in place at th Event Center. Note that additional marketing support would be expected from local tourism partners.

Revenue and Expense Analysis

Non-Personnel Expenses	Percent	Function
Food & Beverage Costs	67%	F&B Rev.
Events Services Costs	85%	Event Serv Rev.
General & Administrative	\$1.25	per SQ FT
Contracted Services	\$1.75	per SQ FT
Marketing	\$25,000	Estimate
Insurance	\$0.75	per SQ FT
Repairs and Maintenance	\$0.50	per SQ FT
Utilities	\$2.75	per SQ FT
Other	3%	Total Op. Rev.

FIGURE 6.10: Conference Center Operating Expense Assumptions

6.0 – FINANCIAL ANALYSIS

Revenue and Expense Analysis

Five-Year Pro Forma

Based on the assumptions detailed above, B&D developed a ten-year pro forma depicting operations at a new conference center in Paso Robles. The first five years of the moderate scenario are shown to the right. Net operating income prior to interest, taxes, depreciation, and amortization is \$111,000 in year one, increasing to \$325,000 in the facility’s stabilized year (2022). Contribution to the capital expenditures fund is assumed to be 4% of gross revenue and ranges from \$51,000 in year one to \$78,000 in year five. This contribution is **not included** in net operating income but a strategy should be developed to maintain a healthy fund for future improvements. Cost recovery, which provides a portrayal of overall profitability, ranges from 120% in year one to 154% in year five. A discussion of financial outcomes based on conservative, moderate, and aggressive event scenarios can be found on the next page.

Revenue	2020	2021	2022	2023	2024
Event Rent	\$177,000	\$225,000	\$269,000	\$277,000	\$285,000
Catering	\$763,000	\$951,000	\$1,141,000	\$1,175,000	\$1,210,000
Event Services	\$115,000	\$151,000	\$184,000	\$190,000	\$196,000
Advertising	\$82,000	\$84,000	\$87,000	\$90,000	\$92,000
Management Fee	\$109,000	\$113,000	\$116,000	\$119,000	\$123,000
Other	\$32,000	\$40,000	\$48,000	\$49,000	\$51,000
Total Gross Revenue	\$1,278,000	\$1,564,000	\$1,845,000	\$1,900,000	\$1,957,000
Less: Direct Expenses					
Catering	\$511,000	\$637,000	\$764,000	\$787,000	\$811,000
Event Services	\$98,000	\$128,000	\$156,000	\$162,000	\$167,000
Total Income	\$669,000	\$799,000	\$925,000	\$951,000	\$979,000
Indirect Expenses	2020	2021	2022	2023	2024
Salaries & Benefits	\$262,000	\$270,000	\$278,000	\$287,000	\$295,000
General & Administrative	\$48,000	\$49,000	\$51,000	\$52,000	\$54,000
Contracted Services	\$67,000	\$69,000	\$71,000	\$73,000	\$76,000
Marketing	\$27,000	\$28,000	\$29,000	\$30,000	\$31,000
Insurance	\$29,000	\$30,000	\$31,000	\$31,000	\$32,000
Utilities	\$105,000	\$109,000	\$112,000	\$115,000	\$119,000
Other	\$20,000	\$24,000	\$28,000	\$29,000	\$29,000
Expenses	\$558,000	\$579,000	\$600,000	\$617,000	\$636,000
Net Operating Income / Deficit	\$111,000	\$220,000	\$325,000	\$334,000	\$343,000
Capital Expenditures Fund	\$51,000	\$63,000	\$74,000	\$76,000	\$78,000
Cost Recovery	120%	138%	154%	154%	154%

FIGURE 6.11: Conference Center Pro Forma

6.0 – FINANCIAL ANALYSIS

Revenue and Expense Analysis

Sensitivity Analysis

Building upon the assumptions outlined in this section, B&D projected a range of possible financial outcomes. The figure to the right shows revenue and expense outcomes for B&D’s conservative, moderate, and aggressive operating scenarios. To create this range, B&D adjusted the projected event frequency. In all scenarios, the project will generate an operational profit, with cost recoveries in stabilized years ranging from 145% (conservative) to 168% (aggressive). Net operating incomes in the stabilized year range from \$283,000 to \$433,000.

Pro Forma	2020	2021	2022	2023	2024
Gross Revenue					
Conservative	\$1,211,000	\$1,211,000	\$1,211,000	\$1,211,000	\$1,211,000
Moderate	\$1,278,000	\$1,564,000	\$1,845,000	\$1,900,000	\$1,957,000
Aggressive	\$1,487,000	\$1,487,000	\$1,487,000	\$1,487,000	\$1,487,000
Direct Expenses					
Conservative	\$572,000	\$723,000	\$845,000	\$870,000	\$896,000
Moderate	\$609,000	\$765,000	\$920,000	\$949,000	\$978,000
Aggressive	\$726,000	\$868,000	\$1,033,000	\$1,064,000	\$1,096,000
Indirect Expenses					
Conservative	\$557,000	\$578,000	\$598,000	\$615,000	\$635,000
Moderate	\$558,000	\$579,000	\$600,000	\$617,000	\$636,000
Aggressive	\$561,000	\$581,000	\$602,000	\$619,000	\$639,000
Net Operating Income / Deficit					
Conservative	\$82,000	\$186,000	\$267,000	\$275,000	\$283,000
Moderate	\$111,000	\$220,000	\$325,000	\$334,000	\$343,000
Aggressive	\$200,000	\$295,000	\$409,000	\$422,000	\$433,000
Cost Recovery					
Conservative	115%	132%	145%	145%	145%
Moderate	120%	138%	154%	154%	154%
Aggressive	136%	151%	168%	168%	168%

FIGURE 6.12: Conservative, Moderate, and Aggressive Financial Outcomes

7.0 – ECONOMIC & FISCAL IMPACT

Economic & Fiscal Impact Analysis

Introduction

The purpose of the benefits analysis is to quantify the economic and fiscal impacts generated by the construction and operation of a new conference center in Paso Robles. Effects are measured in terms of economic output, employment, and earnings, which are further divided into direct and indirect impacts. The direct impacts represent the economic activity created by the expenditure of dollars on construction and operations. The indirect impacts represent the value of additional economic demands that the project places on supplying industries in the local market economy for goods and services. The sum of the direct and indirect impacts includes all transactions attributable to the project and, as such, represents the total economic impact of the project. Using the impact categories described above, B&D quantified the potential impacts of the construction and operation of the conference center:

- **One-Time Economic Impacts:** Projections of construction spending on employment, earnings, and industrial output, including the spin-off economic activity created by the expenditures.
- **One-Time Fiscal Impacts:** Projections of the public tax revenue impacts generated by the project during the construction period. Fiscal impacts in this period are for income taxes paid to workers and for sales and use tax on purchase of construction materials.
- **Recurring Economic Impacts:** Projections of recurring impacts during operation of the project, including visitor and local spending, job creation, and earnings.
- **Recurring Fiscal Impacts:** Projection of the public tax revenue impacts generated by the operation of the project, including owner, user, and patron spending. Recurring fiscal impacts are generated by a 7.75% sales and use tax, 13% occupancy tax (inclusive of a 2% and 1% tax for local tourism), and state income tax rates ranging from 6% to 9.3%.

7.0 – ECONOMIC & FISCAL IMPACT

Economic & Fiscal Impact Analysis

Methodology

The economic impact analysis relies on RIMS II input-output multipliers to model the direct and indirect quantitative impacts generated by the operation of the new conference center. These multipliers are developed based on information published by the United States Bureau of Economic Analysis. This analysis relates industries and households within a specified region. Conference center expenditures create demand for goods and services in the market and multipliers provide the basis for estimating what portion of the demand is satisfied locally.

All money spent on conference center operations and by building patrons is considered a direct impact. To analyze the benefits specific to the city, the direct impacts are discounted to account for out-of-market leakage. For example, a direct impact would include the purchase of catering services. The fee paid to the catering company represents a direct impact. Some purchases may be provided by out-of-market companies and some supported jobs may be filled by out-of-market residents. Consequently, all direct impacts in the analysis are discounted to account for the leakage on a case-by-case basis. Each leakage assumption is developed based on an understanding of geography and the expenditure type. For instance, marketing expenditures, which will likely be made in trade publications, are far less likely to impact the local market economy as opposed to utility expenditures, which are primarily local purchases for electricity, water, gas, and sewer.

Direct impacts provide the basis for calculating indirect and induced benefits. For example, the same catering company may need to purchase beef in order to produce concession items. This spending creates business for a food distributor, which, in turn, creates new employment opportunities and additional earnings for the distributor. Further, induced economic activity, which measures new spending patterns generated because of operations, are quantified.

7.0 – ECONOMIC & FISCAL IMPACT

Economic & Fiscal Impact Analysis

Methodology (cont.)

Direct impacts in this analysis include operational expenditures, cost of sales for F&B, and off-site spending at hotels, retail stores, restaurants, and on transportation. The SAM-type (Social Accounting Matrix) multipliers used in the analysis are specific to Paso Robles. Multipliers are classified as final demand and direct-effect multipliers. Final demand multipliers reflect the increase in demand for a particular product in a market (e.g., concessions). Direct-effect multipliers are considered a “jobs-to-jobs” multiplier, which relies on estimates of changes in initial jobs and associated wages in a final demand industry.

7.0 – ECONOMIC & FISCAL IMPACT

Economic & Fiscal Impact Analysis

One-Time Impacts

During the construction period, the entire project will have an immediate, one-time impact on the Paso Robles economy (“local market”). Direct, one-time impacts stem from the procurement of labor, purchase of materials, and contracting of soft cost services inside the City. Fiscal impacts include the applicable tax revenue generated by the purchase of materials to construct the project. As previously mentioned, the proposed budget for the conference center is approximately \$26,000,000.

The project budget consists of \$19.5 million in hard costs and \$6.5 million in soft costs. Hard costs are divided between labor (40%) and materials (60%). Nearly \$5.5 million in direct wages paid to workers within the City supports 93 jobs at an average wage of approximately \$56,000. Direct spending on materials and soft costs services in the city total \$5.2 million. When multipliers are applied to wage and spending assumptions, the construction period generates \$3.5 million in indirect economic activity, \$3.8 million in wages, and 89 indirect jobs. In total (direct and indirect), the project will generate \$9 million in output and \$9 million in total wages across 181 full time jobs.

The State of California is the primary benefactor of the construction period due to sales tax on construction materials and income tax. In total, the state benefits from \$2.2 million in fiscal impact, \$935,000 of which is attributable to sales and use tax on materials and another \$966,000 is a result of income tax. The City will receive just \$40,000 in fiscal benefits from its share of the local option sales tax.

Construction (2018 to 2019)	
Labor	\$ 10,389,600
Materials	\$ 15,584,400
Total	\$ 25,974,000
Direct Impact	
Estimated Output	\$ 5,454,540
Estimated Wages	\$ 5,194,800
FTE Jobs Supported	93
Indirect & Induced Impact	
Estimated Output	\$ 3,529,633
Estimated Wages	\$ 3,764,308
FTE Jobs Supported	89
Total Impact	
Estimated Output	\$ 8,984,173
Estimated Wages	\$ 8,959,108
FTE Jobs Supported	181
Average Wage	\$ 49,418

FIGURE 7.1: One-Time Economic Impact Summary

7.0 – ECONOMIC & FISCAL IMPACT

Economic & Fiscal Impact Analysis

Recurring Impacts – Visitor and Operational Spending

While construction of the conference center will generate benefits for the City, they are limited to the length of the construction period. The recurring impacts are more significant when considered over the life of the facility. These recurring impacts are supported by on-site patron spending and on operations.

B&D assumes that roughly 30% of total annual event attendees are non-local in the stabilized year, generating 17,000 non-local attendees and 11,500 room nights. These attendees provide the basis for calculating economic and fiscal impacts since local patrons, in most instances, do not introduce net spending into a market economy. Based on a survey conducted by Visit SLO CAL, the average visitor to Paso Robles spends a total of \$318 per day, inclusive of lodging, food and beverage, and off-site activities. This figure is adjusted to \$235 per day to account for the fact that many patrons will be served food and beverage inside the facility and activities are often included as part of the event. Based on these assumptions, the facility creates net off-site spending of \$7.2 million in the City of Paso Robles. This figure is supplemented by ongoing operations at the facility, which generates an additional \$1.5 million in spending.

Based on these gross spending figures, the project supports \$12.5 million in recurring activity, \$5.2 million in wages, and 159 associated FTE jobs. The average wage for each job is \$33,000.

Recurring Operations (2022 Stabilized)	
Gross Activity	\$ 8,725,882
Gross Wages	\$ 876,791
Total	\$ 9,602,673
Direct Impact	
Estimated Output	\$ 8,348,893
Estimated Wages	\$ 876,791
FTE Jobs Supported	17
Indirect & Induced Impact	
Estimated Output	\$ 4,292,644
Estimated Wages	\$ 4,306,973
FTE Jobs Supported	142
Total Impact	
Estimated Output	\$ 12,641,537
Estimated Wages	\$ 5,183,764
FTE Jobs Supported	159
Average Wage	\$ 32,640

FIGURE 7.2: Recurring Impact Summary

7.0 – ECONOMIC & FISCAL IMPACT

Fiscal Impact Table

Annual Fiscal Impact

In addition to the direct and indirect economic impacts, the project will generate significant public tax revenues for the City, County, State, and tourism districts established by local government. In total, the operation of a new conference center is projected to generate approximately \$505,000 in tax revenue in the first year of operation, increasing to \$827,000 in 2022. The State is the primary recipient of fiscal impacts due to state income taxes and receiving the vast majority of the sales tax (6% of 7.5%). The City, in contrast, receives smaller portions of sales tax but primarily benefits from occupancy tax revenue of 10%. The City in 2020 receives \$212,000 in tax revenue increasing to \$375,000 in 2024. When measured over 30 years and utilizing a 4% discount rate, the net present value of fiscal impacts measures \$7.35 million to the City of Paso Robles.

	Jurisdiction	2020	2021	2022	2023	2024
Occupancy Tax	City	\$ 163,076	\$ 225,605	\$ 281,583	\$ 290,030	\$ 298,731
Occupancy Tax	TBID	\$ 32,615	\$ 45,121	\$ 56,317	\$ 58,006	\$ 59,746
Occupancy Tax	TMD	\$ 16,308	\$ 22,560	\$ 28,158	\$ 29,003	\$ 29,873
Sales Tax	State	\$ 123,150	\$ 170,371	\$ 212,644	\$ 219,023	\$ 225,594
Sales Tax	City	\$ 30,788	\$ 42,593	\$ 53,161	\$ 54,756	\$ 56,398
Sales Tax	County	\$ 5,131	\$ 7,099	\$ 8,860	\$ 9,126	\$ 9,400
Income Tax	State	\$ 39,859	\$ 41,055	\$ 42,286	\$ 43,555	\$ 44,862
Indirect Sales Tax	State	\$ 72,832	\$ 75,017	\$ 77,268	\$ 79,586	\$ 81,973
Indirect Sales Tax	County	\$ 3,035	\$ 3,126	\$ 3,219	\$ 3,316	
Indirect Sales Tax	City	\$ 18,208	\$ 18,754	\$ 19,317	\$ 19,896	\$ 20,493
Indirect Income Tax	State	\$ -	\$ -	\$ -	\$ -	\$ -
City		\$ 212,071	\$ 286,952	\$ 354,061	\$ 364,683	\$ 375,623
County		\$ 8,166	\$ 10,224	\$ 12,080	\$ 12,442	\$ 9,400
State		\$ 235,841	\$ 286,442	\$ 332,198	\$ 342,164	\$ 352,428
TBID		\$ 32,615	\$ 45,121	\$ 56,317	\$ 58,006	\$ 59,746
TMD		\$ 16,308	\$ 22,560	\$ 28,158	\$ 29,003	\$ 29,873
Total Benefit		\$ 505,001	\$ 651,300	\$ 782,813	\$ 806,297	\$ 827,071

Note: Fiscal benefit may vary depending on final lease and ownership structures

FIGURE 7.3: Fiscal Impacts (2020 to 2024)

EXHIBIT A – NORTH COUNTY MEETING SPACE INVENTORY

Facility	City	Distance from PREC (Miles)	Guest Rooms	Largest Indoor Space	Outdoor Space	Total Indoor		Exhibition Halls		Ballrooms		Meeting Rooms	
					Yes/No	Spaces	SQ FT	Total Rooms	SQ FT	Total Rooms	SQ FT	Total Rooms	SQ FT
[2] Eberle Winery	Paso Robles	4.6	-	-	Yes	1	-	0	0	1	-	0	0
Courtyard Paso Robles	Paso Robles	2.2	130	1,148	-	3	1,148	0	0	0	0	3	1,148
Best Western Plus Colony Atascadero	Atascadero	10.5	75	1,500	-	3	3,260	0	0	1	1,500	2	3,260
Carlton Hotel	Atascadero	11.8	52	4,212	Yes	3	6,012	0	0	1	4,212	2	1,800
Holiday Inn Express Atascadero	Atascadero	13.5	80	1,225	-	3	3,549	0	0	0	0	3	3,549
Pavilion at the Lake	Atascadero	13.6	-	4,425	-	5	8,591	0	0	1	4,425	3	4,166
SpringHill Suites Atascadero	Atascadero	8.7	130	3,000	Yes	2	3,325	0	0	1	3,000	1	325
Castro Cellars	Templeton	5.2	-	1,768	-	1	1,768	0	0		0	1	1,768
Cambria Pines Lodge	Cambria	28.6	152	3,360	Yes	4	4,702	0	0	1	3,360	4	4,702
[3] El Colibri Hotel & Spa	Cambria	30.1	34	-	-	1	-	-	-	-	-	1	-
Cavalier Oceanfront Resort	San Simeon	34.2	90	-	-	3	4,000	-	-	-	-	3	4,000
Paso Robles Event Center	Paso Robles	-	-	18,624	Yes	8	55,000	8	55,000	0	0	0	0
Average	-	9.6	100	2,232	-	3	3,334	0	0	1	1,502	2	2,475

Note: Dashes are placed where square footage figures were not available

[1] Banquet Hall seats up to 80, Library Room seats up to 20, and outdoor space seats up to 200.

[2] Wild Boar Room seats up to 80; not recommended for acoustic music. Outdoor deck has capacity of up to 120

[3] Meeting room capacity of 50

EXHIBIT A – NORTH COUNTY MEETING SPACE INVENTORY

Facility	City	Distance from PREC (Miles)	Guest Rooms	Largest Indoor Space	Outdoor Space	Total Indoor		Exhibition Halls		Ballrooms		Meeting Rooms	
					Yes/No	Spaces	SQ FT	Total Rooms	SQ FT	Total Rooms	SQ FT	Total Rooms	SQ FT
Allegretto Vineyard Resort	Paso Robles	1.3	171	4,000	Yes	9	7,500	0	0	1	3,933	9	7,500
Hampton Inn & Suites Paso Robles	Paso Robles	4.2	81	1,450	-	1	1,450	0	0	0	0	1	1,450
La Bellasera	Paso Robles	4.2	60	2,200	-	1	2,200	0	0	0	0	1	2,200
La Quinta Paso Robles	Paso Robles	1.2	138	500	-	1	500	0	0	0	0	1	500
Paso Robles Inn	Paso Robles	1.1	129	3,600	Yes	4	5,339	0	0	1	3,600	3	1,739
The Oaks	Paso Robles	0.4	90	500	-	1	500	0	0	0	0	1	500
Vina Robles Winery	Paso Robles	3.5	-	1,728	Yes	3	1,728	0	0	-	0	3	4,838
Holiday Inn Express Paso Robles	Paso Robles	0.1	92	1,100	-	1	1,100	0	0	0	0	1	1,100
[1] Cass Winery	Paso Robles	13.1	-	-	Yes	2	-	0	0	1	-	1	-

EXHIBIT B – COMPARABLE FAIRGROUNDS PROGRAM

Facility	Primary Spaces						Program Summary		
	Indoor Event Halls	Indoor Arenas	Covered Arenas	Uncovered Arenas	Barns / Livestock Buildings	Amphitheater	Total Buildings	Largest Indoor Space	[1] [2] Indoor Sellable Space
Kay Rodgers Park	1	-	2	-	10	-	13	24,000	26,775
Benton County Fairgrounds	5	-	-	-	8	-	13	15,000	41,000
Saint Joseph County 4-H Fairgrounds	2	-	1	-	3	1	7	23,100	39,000
Boulder County Fairgrounds	1	1	-	1	5	-	8	40,000	40,000
Mississippi Valley Fairgrounds	5	-	-	2	4	-	11	30,000	78,850
Oregon State Fair Expo Center	5	1	-	-	3	1	10	48,000	145,102
Bell County Expo Center	2	2	1	-	2	-	7	55,000	107,400
Island Grove Events Center	5	-	-	4	2	-	11	60,000	118,498
Average	3	1	1	2	5	1	10	36,888	74,578
Paso Robles Event Center	4	-	2	1	6	2	15	18,624	55,000

[1] Measured in square feet; includes expo space, multi-purpose space, meeting space, and hard-floor indoor arenas. Excludes barns and livestock based facilities.

[2] Exhibit building SQ FT is an estimate of 15,000 for Oregon State Fair Expo Center.

EXHIBIT C – FUNDING CASE STUDIES

Facility	Location	Completion Date	Project Cost (Unadjusted)	Gross SQ FT	Primary Mechanism	Benefactor of Operations
Kokomo Conference Center	Kokomo, IN	Not Built	\$22,000,000	-	\$14M from private developer; remainder from Convention and Visitors Bureau, the City, the County, and a minimal amount from the automotive museum (Capital campaign). Board of comissioners will commit \$150,000 per year to the project.	Private Developer
Utah Valley Convention Center	Provo, UT	2012	\$41,000,000	84,000	Excise tax-revenue bonds; Tourism, Recreation, Cultural & Convention Facilities Tax and transient occupancy tax	Utah County
Riverside Convention Center	Riverside, CA	2016	\$40,000,000	126,000	Increase of hotel tax from 11% to 13% in one percent increments from 2012, 2013, and 2014	City of Rvierside
Frederick Hotel & Conference Center	Frederick, MD	2019	\$83,000,000; \$16 MM for Parking Deck, \$3 MM for Surface Lot	48,000	\$44 Million in private investment for hotel property; \$20 million from public sector based on anticipated benefits of \$1.5 million, annually. Mechanisms include City / County TIF, hotel tax, and MSA financing.	Plamondon Hospitality Partners
Monterey Conference Center Expansion	Monterey, CA	2018	\$60,000,000	40,000	Financed under Mello-Roos Community Facilities Act of 1982; Provides opportunity to levy special tax on hotel properties; Adjacent hotels are paying 4.15% hotel tax rate, full-service 1.6% rate, and limited service .8%	City of Monterey
Elko Conference Center	Elko, NV	2016	\$12,000,000	30,000	Project was built for the State of Nevada with private financing under lease back structure; Bonds were tax-exempt and private placement	Elko Convention & Visitors Authority
Muskegon Conference Center	Muskegon, MI	2020 (Planned)	\$15,000,000	45,000	City of Muskegon 4% room tax and diversion of existing hotel tax revenue; effort to apply 2% county-wide tax was rejected	Parkland Properties (Private Investor)