

TOLEDO SEAGATE CONVENTION CENTRE MARKET & REVENUE STUDY

PREPARED FOR
Lucas County
Board of County Commissioners
October 25, 2016



Scope and Process: Market and Revenue Study

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PHASE 1

Market Analysis & Strategic Plan Alignment

1 Month

JUNE:

- Kickoff and stakeholder Interviews
- Market Survey

DELIVERABLES AND MEETINGS:

- › Kickoff meeting with Commissioners and stakeholder interviews

PHASE 2

Market Demand & Overnight Visitor Analysis

1 Month

JULY:

- Market Demand and Overnight Visitor Analysis

PHASE 3

Fiscal Impact Analysis

1 Month

AUGUST:

- Fiscal impact

PHASE 4

Presentation and Report

2 Months

SEPTEMBER/OCTOBER:

- Final Presentation and Conclusions
- Draft Report

DELIVERABLES AND MEETINGS:

- › Presentation of findings
- › Deliver draft report

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- Context Analysis
- Operations Review
- Fiscal Impact Analysis
- Stakeholder Interviews

- Competitive Market Survey
- Economic Impact Analysis
- Opportunity Alignment
- Visitor Spending Analysis

Scope and Process: Stakeholder Interviews



- Board of County Commissioners
- Lucas County
- City of Toledo
- SMG / SeaGate Centre
- CVB and Board members
- Maumee Bay Brewing Co.
- Regional Growth Partnership
- Imagination Station
- The Blade
- Toledo Municipal Court
- The Toledo Club
- Toledo Museum of Art
- Toledo Regional Chamber of Commerce
- Toledo Zoo
- City of Perrysburg
- Downtown Toledo Improvement District
- Assets Toledo
- Destination Toledo
- The Arts Commission
- Maumee Bay Lodge
- Oregon Economic Development Foundation
- Renaissance Toledo
- Toledo-Lucas County Port Authority
- Park Inn
- Toledo Mud Hens

SeaGate Centre



1987
Year Opened

92,000
Total Square Feet

125,000
Annual Attendance
(Avg. 20011-2015)

75,000
Exhibition Space S.F.

295,000
Peak Attendance
(2006)

0
Ballroom S.F.

Sources: SMG/SeaGate Centre



Introduction

The Role of Convention Centers

Marketability

Markets

Hospitality/Hotels

Economic Impacts

Conclusions

WHAT YOU WILL LEARN:

- Tourism is Big Business
- Conventions can play an important role in the diversification of the Toledo Economy
- Downtown has great momentum underway, creating opportunities for the convention business
- The Seagate Center will require repositioning to compete with peer cities
- Capital improvements to the Seagate Center will not pay for themselves directly; but...
- ...repositioning the convention center will lead to hundreds of millions of dollars of economic activity for Toledo/Lucas County

Introduction

The Role of Convention Centers

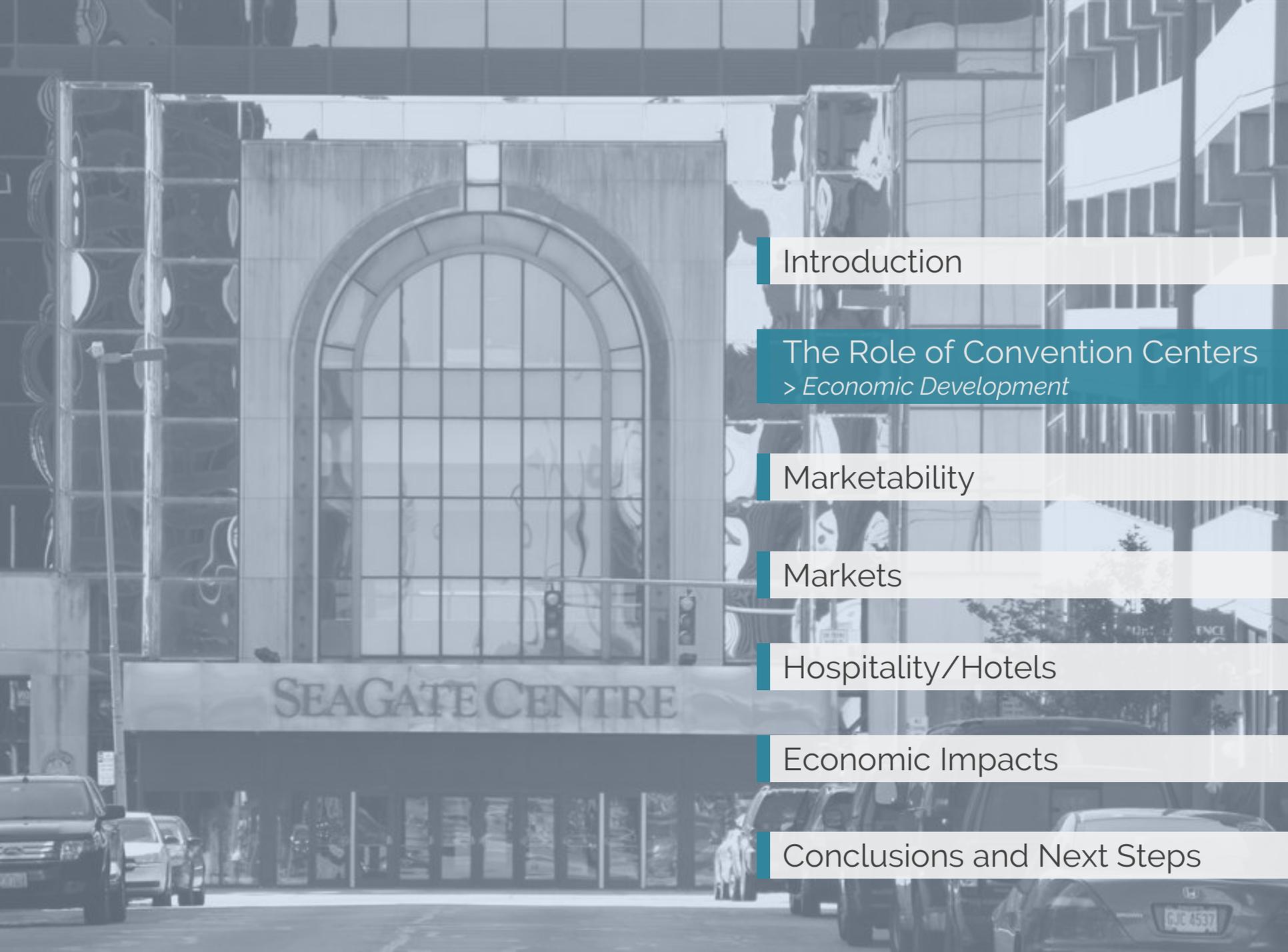
Marketability

Markets

Hospitality/Hotels

Economic Impacts

Conclusions



Introduction

The Role of Convention Centers
> *Economic Development*

Marketability

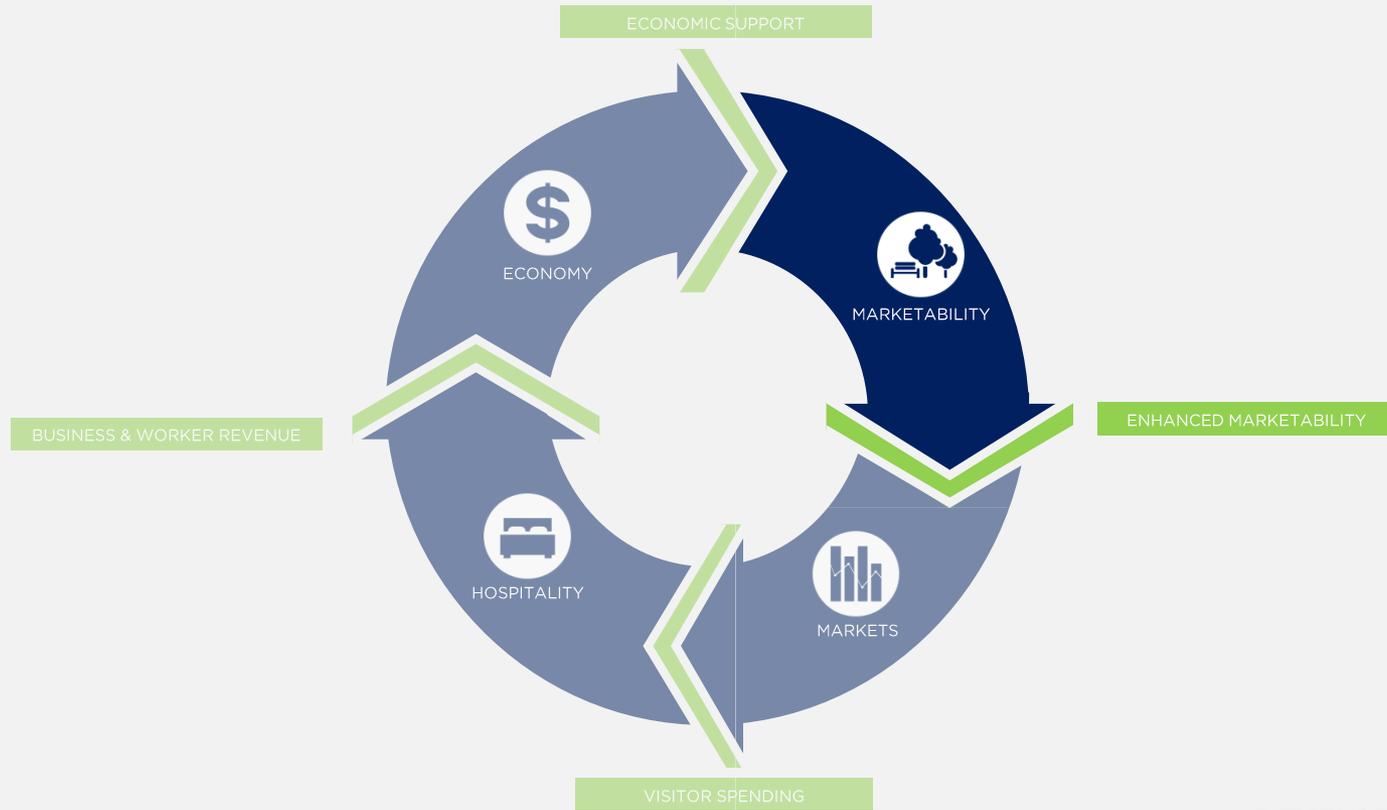
Markets

Hospitality/Hotels

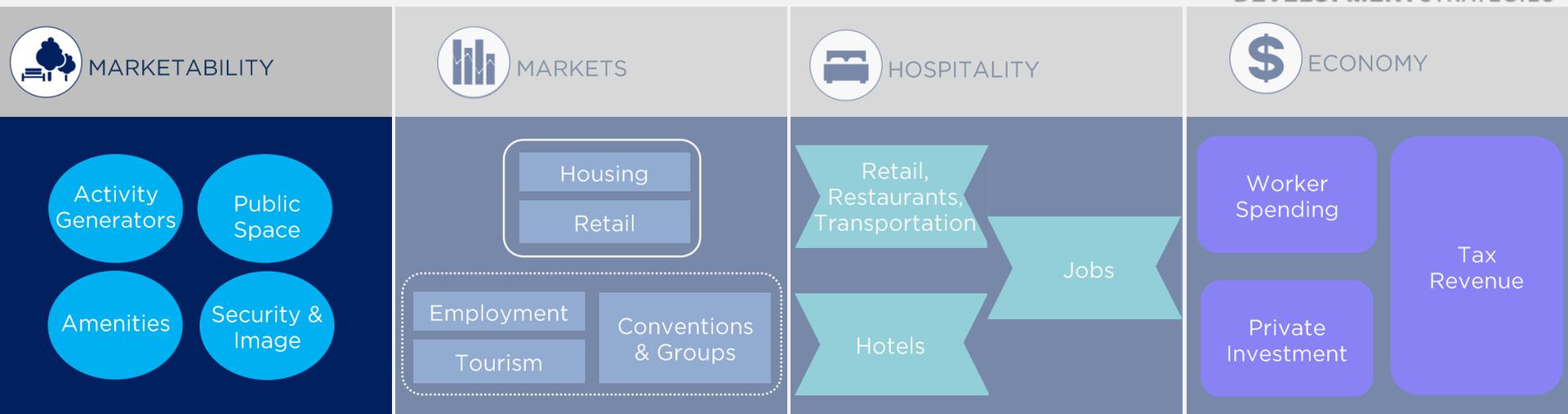
Economic Impacts

Conclusions and Next Steps

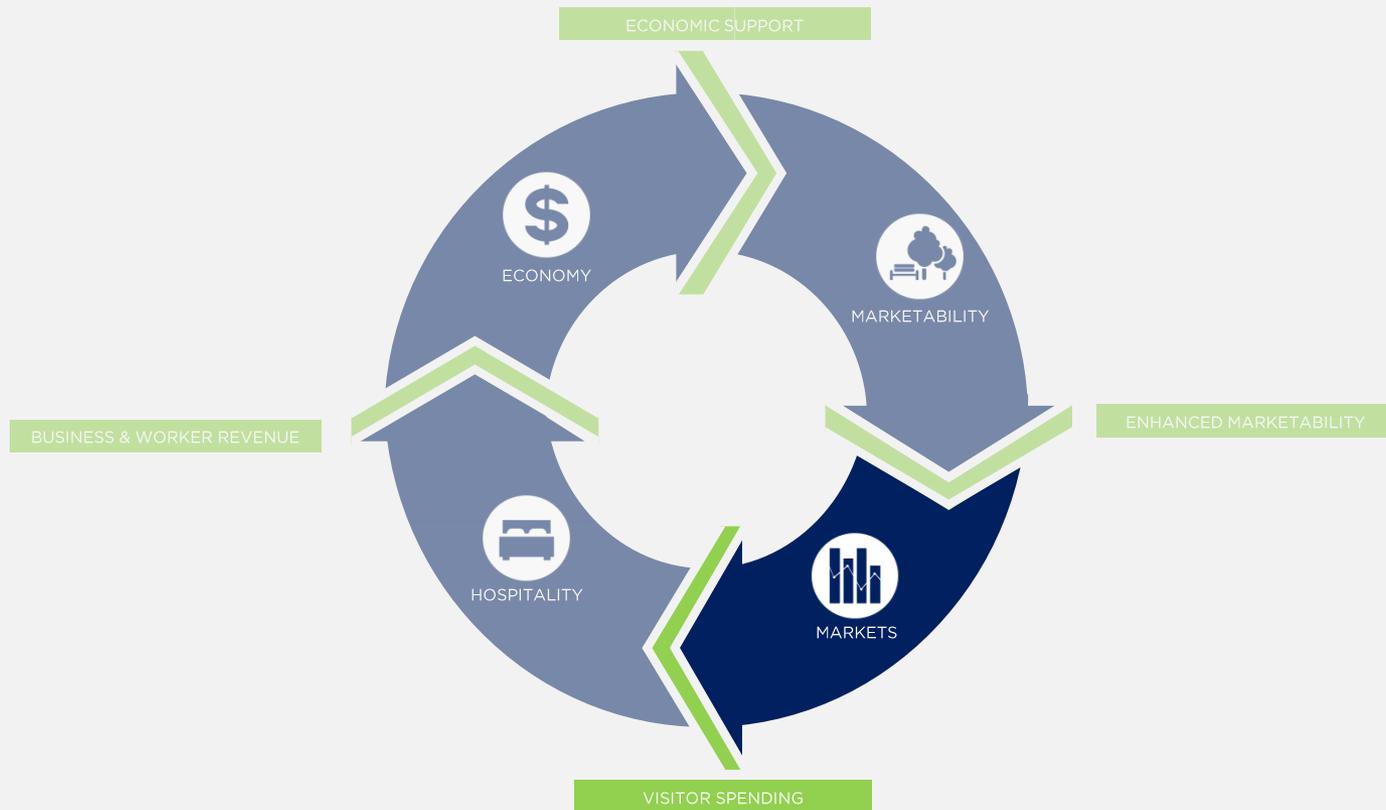
THE VIRTUOUS CYCLE FOR CONVENTION CENTERS



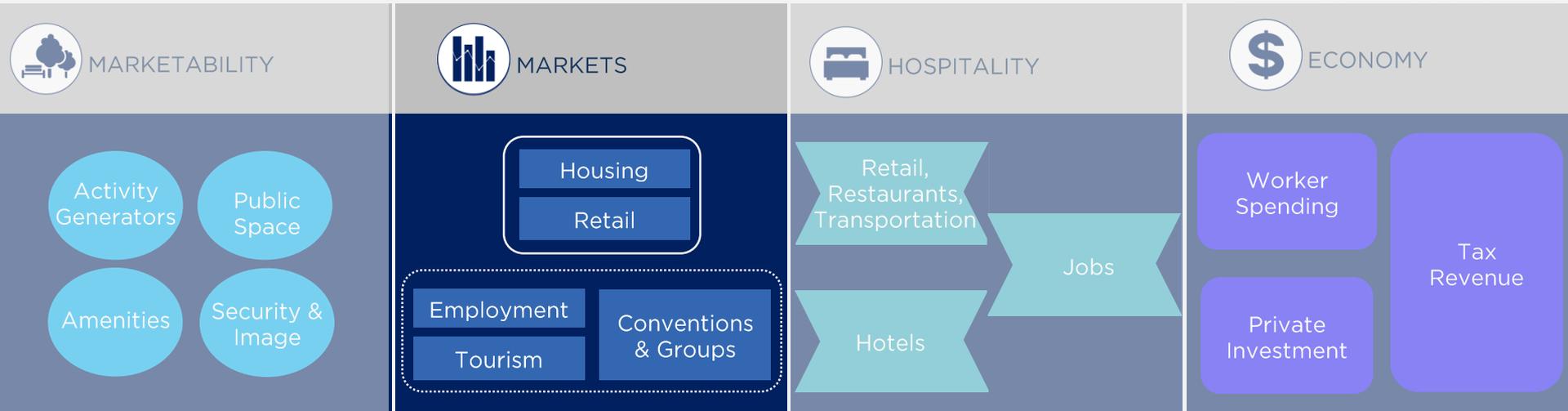
DEVELOPMENT STRATEGIES[®]



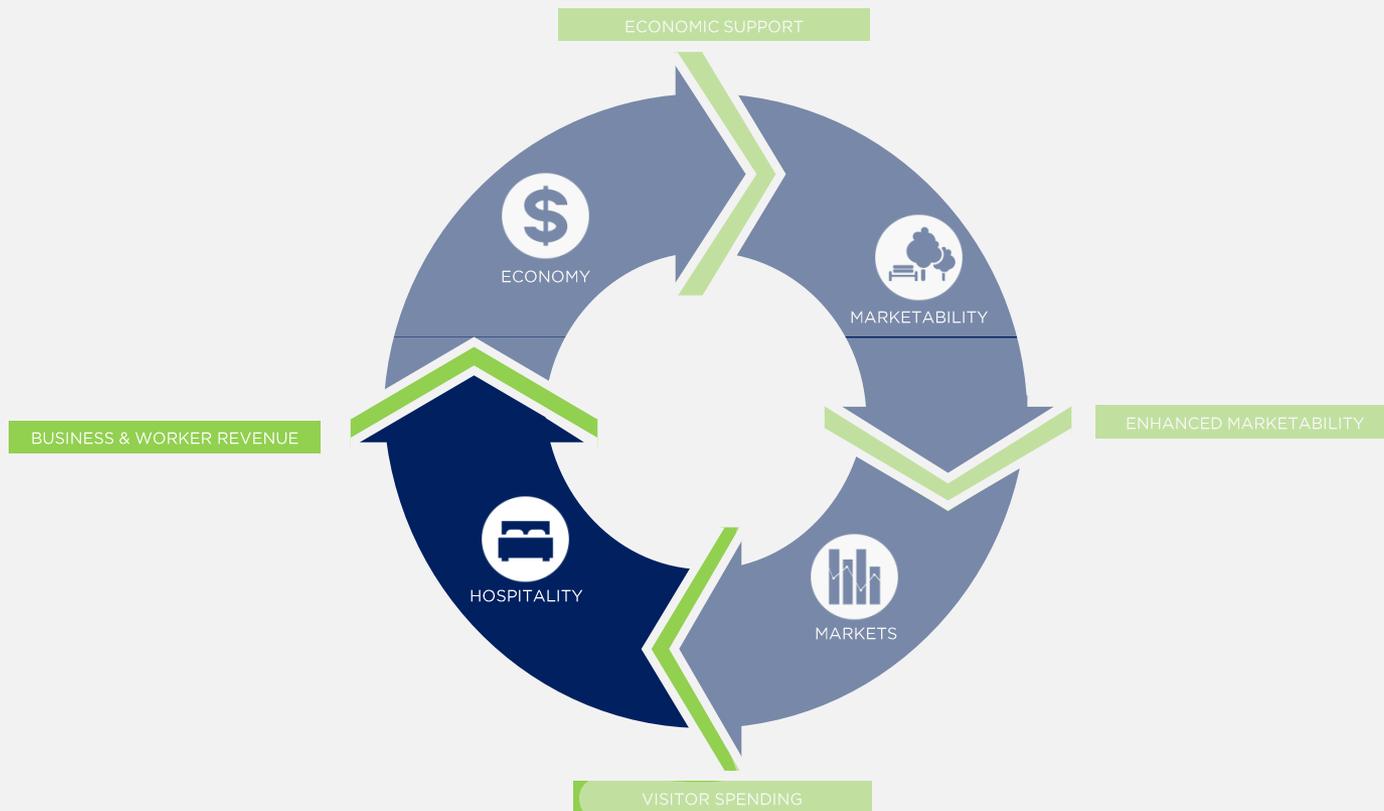
THE VIRTUOUS CYCLE FOR CONVENTION CENTERS



DEVELOPMENT STRATEGIES[®]



THE VIRTUOUS CYCLE FOR CONVENTION CENTERS



DEVELOPMENT STRATEGIES[®]

 MARKETABILITY

 MARKETS

 HOSPITALITY

 ECONOMY

Activity Generators

Public Space

Amenities

Security & Image

Housing

Retail

Employment

Tourism

Conventions & Groups

Retail, Restaurants, Transportation

Hotels

Jobs

Worker Spending

Private Investment

Tax Revenue

THE VIRTUOUS CYCLE FOR CONVENTION CENTERS



DEVELOPMENT STRATEGIES[®]

MARKETABILITY

MARKETS

HOSPITALITY

ECONOMY

Activity Generators Public Space

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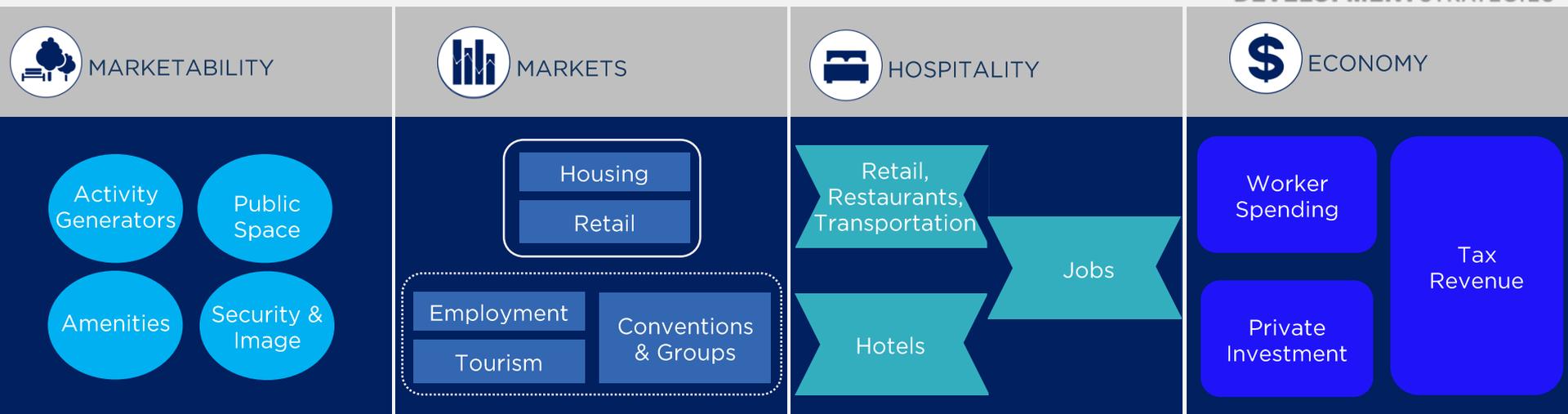
Private Investment

Tax Revenue

THE VIRTUOUS CYCLE FOR CONVENTION CENTERS



DEVELOPMENT STRATEGIES[®]





Economic
Diversification



Leverage
Strengths



Harness
Momentum



Downtown Master Plan

Economic Development

Tourism is Big Business



\$730B

U.S. Auto Sales
2013

Source: Auto Alliance



\$890B

U.S. Travel Expenditures
2013

Source: Longwoods International

Tourism is Big Business

\$1.3B

Lucas County
Manufacturing Payroll

\$290M

Lucas County
Tourism Payroll

\$1.3B

Lucas County
Tourism Sales

Sources: U.S. Census; Longwoods International

Loss Leaders



“Convention centers are generally not expected to make a profit on their operations or cover their construction costs.”

-U.S. Government Accountability Office
Convention Centers' Economic Benefits, 1998

DAYTON
\$1.1M annual deficit

SOUTH BEND
\$1.1M deficit 2011

AKRON
\$1.7M annual deficit

TOLEDO
\$0.5M annual deficit

Sources: Dayton Daily News; WNDU; State of Ohio Auditor

Loss Leaders



\$11.40

Average income per attendee Seagate Centre

\$225

Per night expenditure per convention attendee

Sources: SMG/SeaGate Centre, TourismOhio, Development Strategies



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The Role of Convention Centers

Marketability

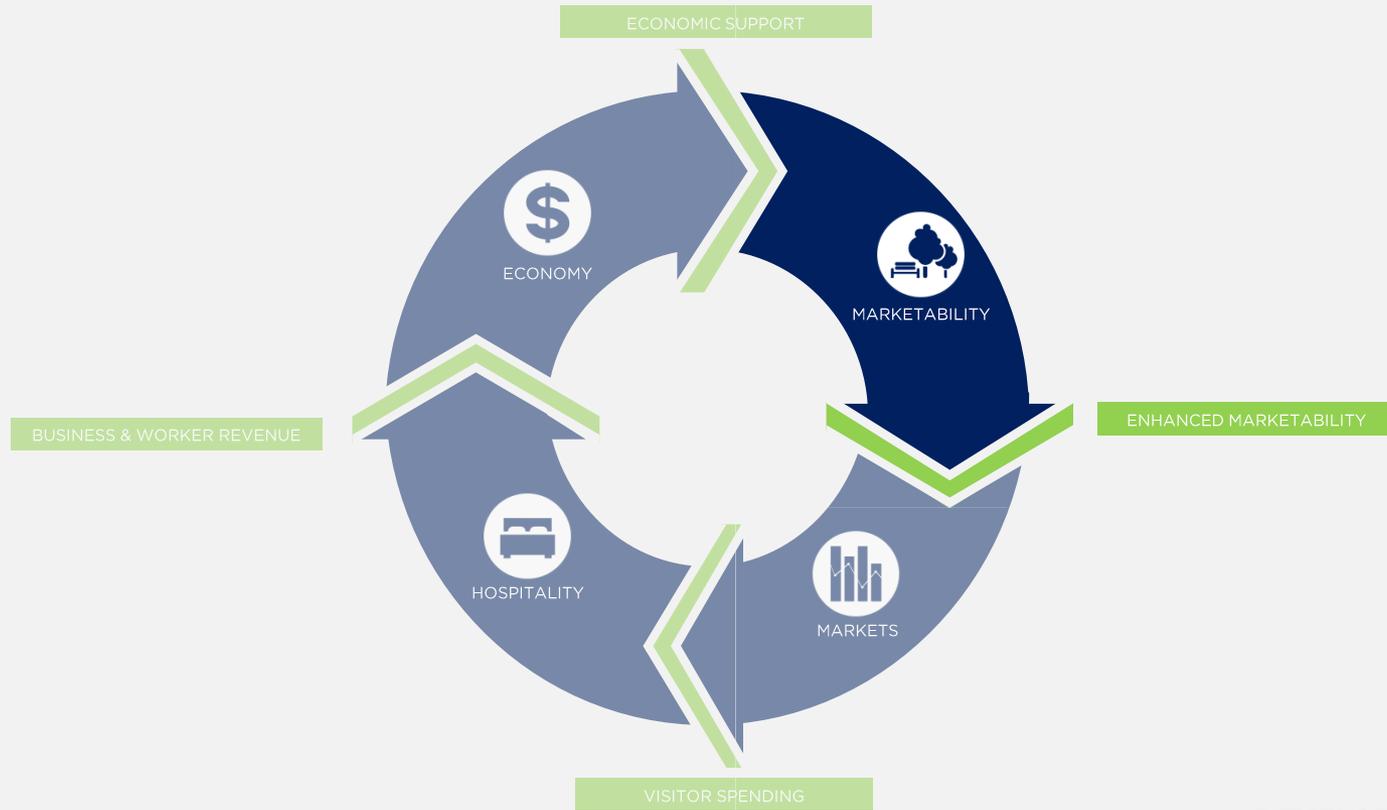
Markets

Hospitality/Hotels

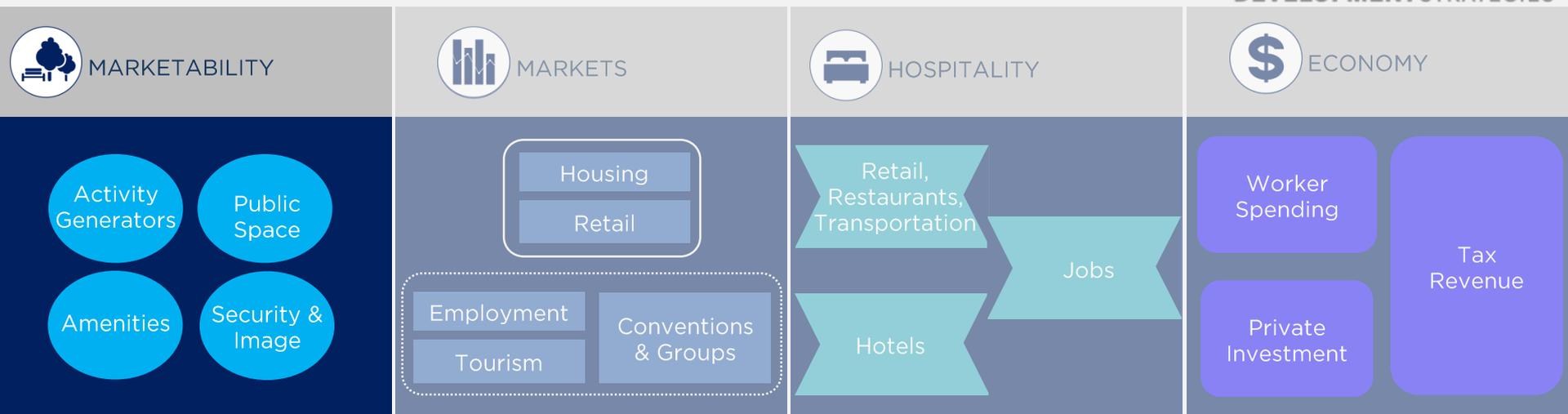
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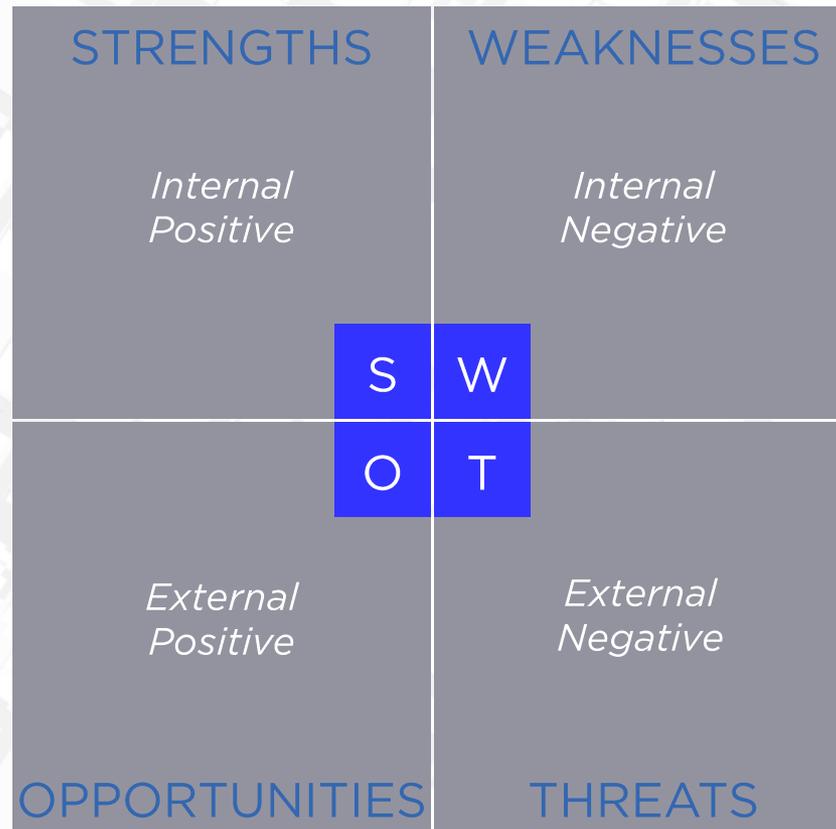
THE VIRTUOUS CYCLE FOR CONVENTION CENTERS



DEVELOPMENT STRATEGIES[®]



Marketability: The SWOT Analysis



Marketability: The SWOT Analysis

	Location	Exterior	Interior	Operations
Strengths	<ul style="list-style-type: none"> • Hensville • Riverfront • Nearby Hotel(s) • Destinations • Corporations • Affordability 		<ul style="list-style-type: none"> • Current cosmetic renovations underway 	<ul style="list-style-type: none"> • Low operating deficit • Dedicated staff
Opportunities	<ul style="list-style-type: none"> • Revitalized Fort Industry • New Hotel(s) • Repositioned Park Inn 	<ul style="list-style-type: none"> • SeaGate Hotel • Enhanced Skin • Enhanced Entrance on Summit 	<ul style="list-style-type: none"> • Ballroom • Cosmetic Upgrades • Gallery/Public Spaces • Visitor Hub 	<ul style="list-style-type: none"> • Joint marketing with destinations
Weaknesses	<ul style="list-style-type: none"> • Quality hotel shortage • Vacant Ft. Industry Storefronts • Vacant SeaGate Hotel 	<ul style="list-style-type: none"> • SeaGate Hotel • Poor Summit Entrance • Monroe Façade • Inactive Jefferson 	<ul style="list-style-type: none"> • No Ballroom • Dated Interior • Kitchen Location • Cavernous Exhibition Hall 	<ul style="list-style-type: none"> • Limited public funding/marketing resources • Lack of data tracking
Threats	<ul style="list-style-type: none"> • Competition from Other Markets • Hotel Tax Lower in Wood County 			<ul style="list-style-type: none"> • Underfunded operations • Conflicting local priorities • Lack of coordination

Marketability: Strengths

LOCATION

EXTERIOR

INTERIOR

OPERATIONS



Toledo Art Museum
1 mile west



Hensville



Toledo Zoo
3 miles south



Huntington Center



Riverfront/ProMedica



Fifth Third Field

Marketability: Strengths

LOCATION

EXTERIOR

▼
INTERIOR

OPERATIONS



Cosmetic Renovations

Marketability: Weaknesses

LOCATION

EXTERIOR

INTERIOR

OPERATIONS



Huron Street Vacancy



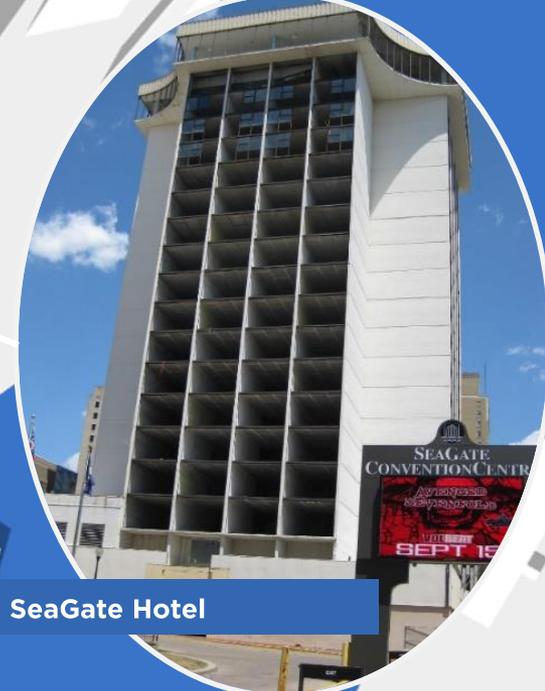
Jefferson Avenue



Park Inn Interior



Fort Industry
Lack of storefront activity



SeaGate Hotel



Marketability: Weaknesses

LOCATION

EXTERIOR

INTERIOR

OPERATIONS



Monroe Facade



Jefferson Entrance



Monroe Exterior



Summit Entrance & Facade

Marketability: Weaknesses

LOCATION

EXTERIOR

INTERIOR

OPERATIONS



Cavernous Exhibit Hall



Dated Interior



Lack of Dedicated Ballroom



Dated Interior

Marketability: Opportunities

▼
LOCATION

EXTERIOR

INTERIOR

OPERATIONS



Marketability: Opportunities

LOCATION

EXTERIOR

INTERIOR

OPERATIONS



Activated Summit Entrance and Ballroom



New Skin



Marketability: Opportunities

LOCATION

EXTERIOR

INTERIOR

OPERATIONS



Art & Public Space



Ballroom



Art & Public Space



Cosmetic Changes



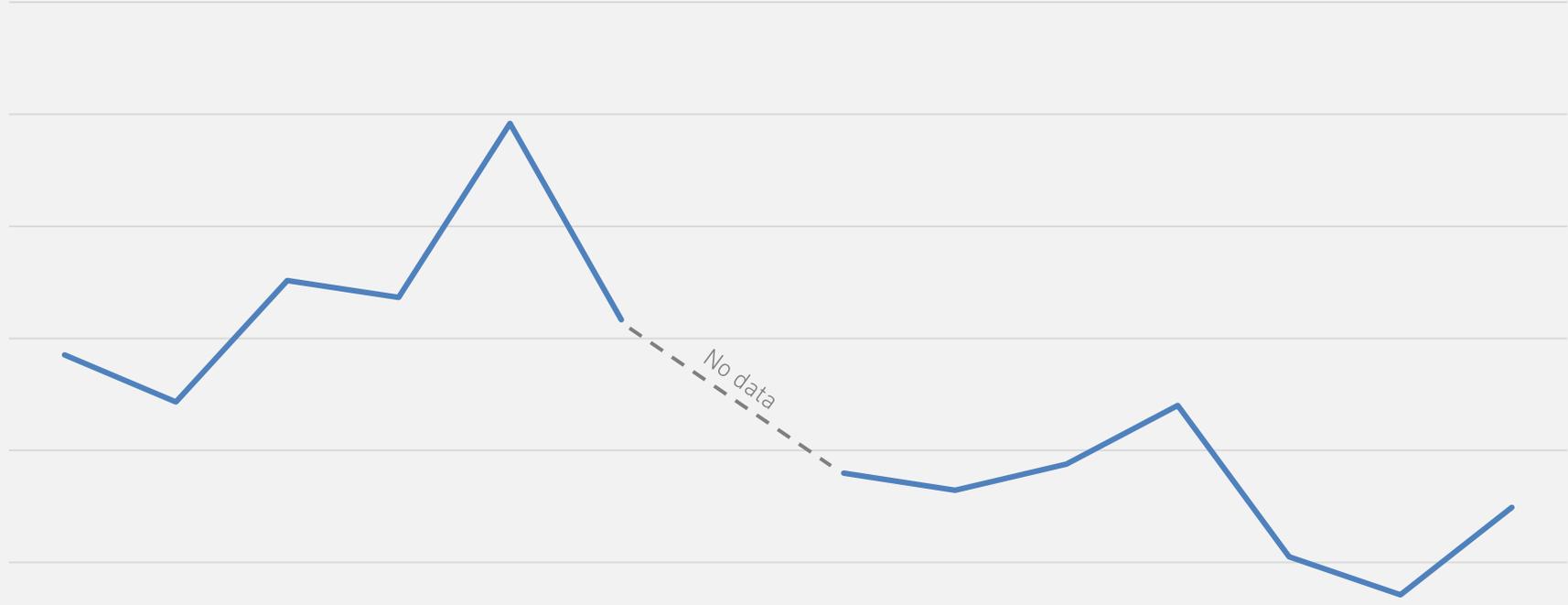
Toledo History / Identity



Visitor Center

Marketability: Threats

Total Annual Attendance
SeaGate Convention Centre, 2002-2015
Source: SMG/Seagate Convention Centre



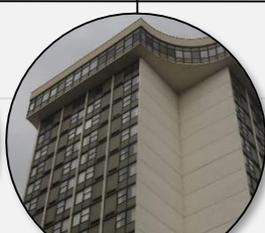
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	ATTENDANCE	YEAR
193,000	172,000	226,000	218,000	296,000	208,000	- ? -	140,000	133,000	144,000	170,000	103,000	86,000	125,000		



Hensville/Fifth Third Stadium



Huntington Center



Closing of SeaGate Hotel



Imagination Station



ProMedica Announcement

2016
Downtown
Master Plan

SWOT: Operations

Strengths

- Low operating deficit (-\$0.5M)
- Dedicated staff!

Opportunities

- Joint marketing with destinations
- Repositioned facility
- Huntington Center synergies
- Visitor Center Hub

Weaknesses

- Limited funding for marketing

Threats

- Continued lack of funding
- Lack of coordination
- Local priorities

Marketability Conclusions

> General location for convention center is excellent, and getting better

> Current, interior cosmetic renovations are timely

> Exterior, entrance, and lack of ballroom are the biggest physical deficiencies

> Adequate funding for operations and marketing are hurdles





Introduction

The Role of Convention Centers

Marketability

Markets

Hospitality/Hotels

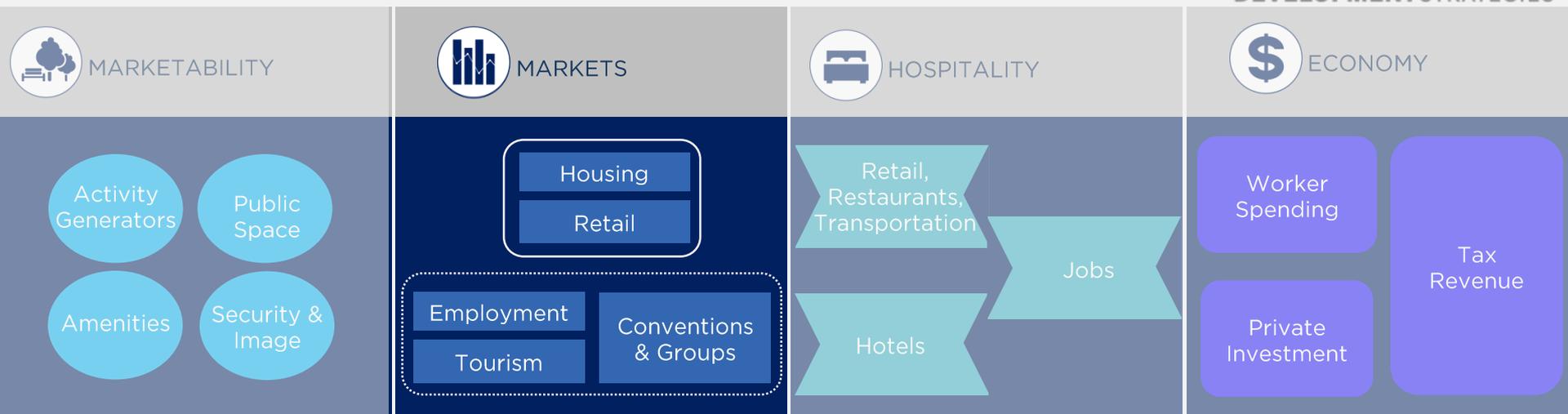
Economic Impacts

Conclusions

THE VIRTUOUS CYCLE FOR CONVENTION CENTERS



DEVELOPMENT STRATEGIES[®]





SEAGATE CENTRE

Introduction

The Role of Convention Centers

Marketability

Markets

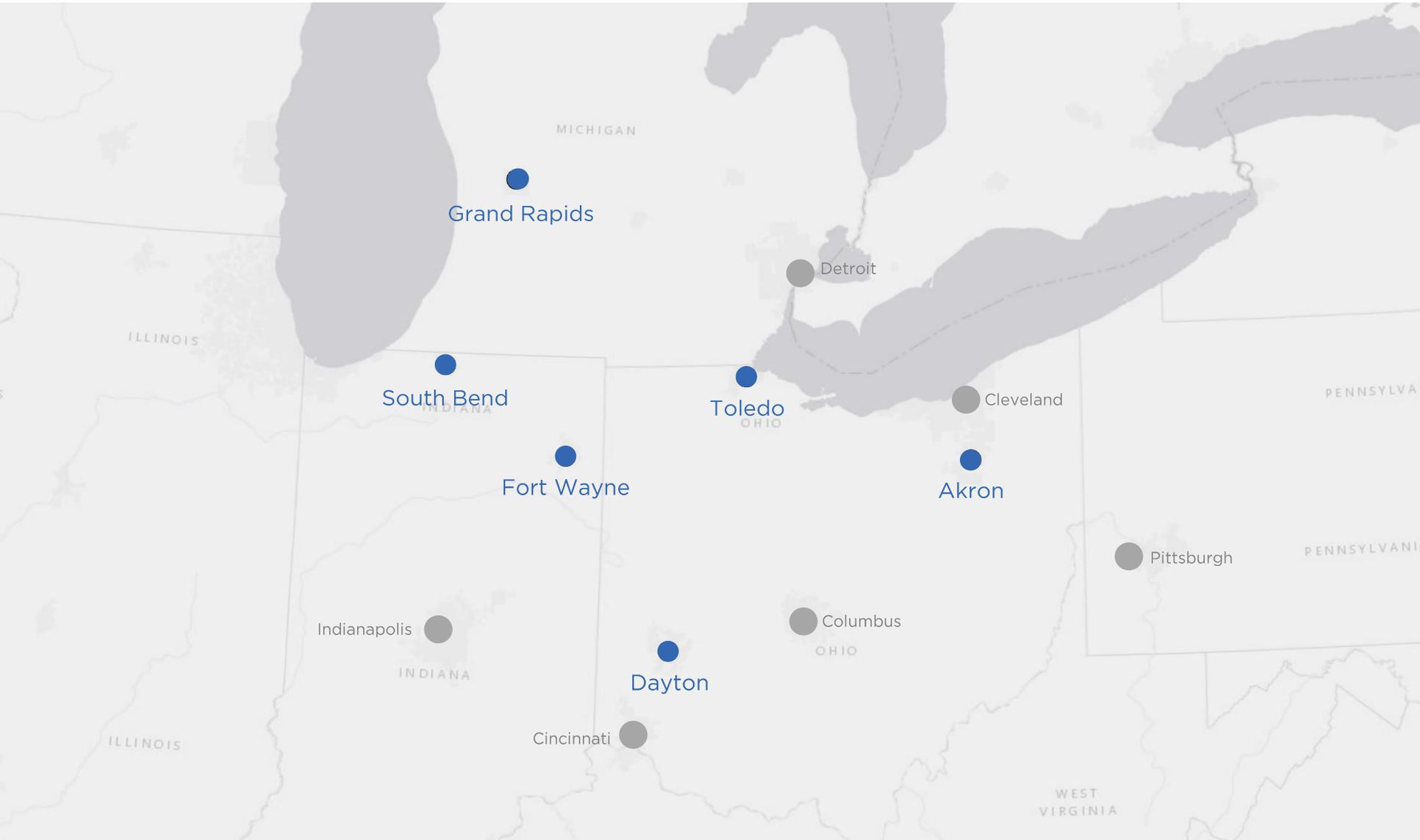
> *Convention Center*

Hospitality/Hotels

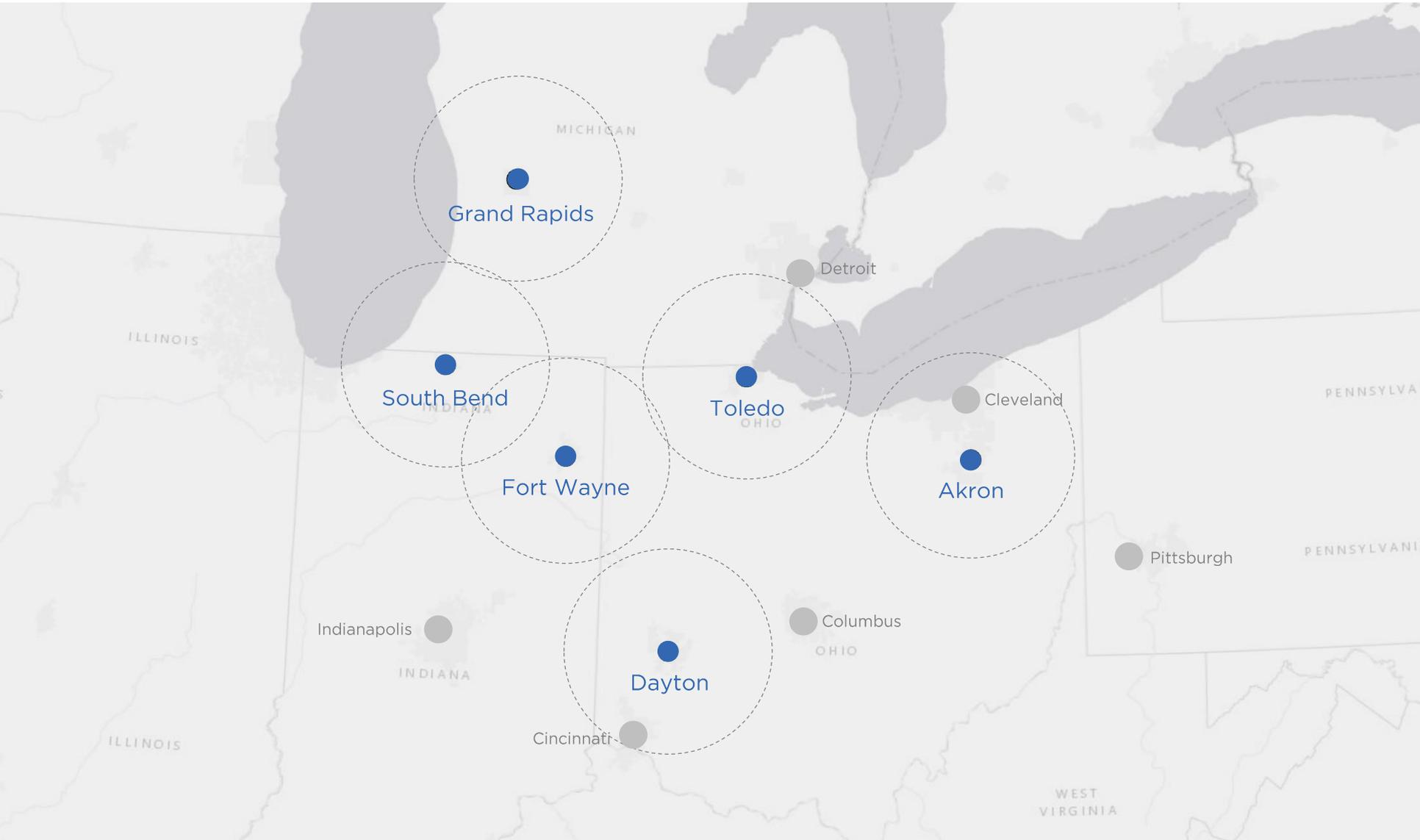
Economic Impacts

Conclusions

Minor League Markets: Peer Cities



Minor League Markets: Peer Cities



Minor League Markets: Peer Cities



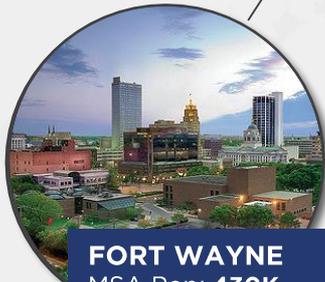
GRAND RAPIDS
MSA Pop: **1.0M**
'00-'15: **9.3%**
GDP: **\$52B**



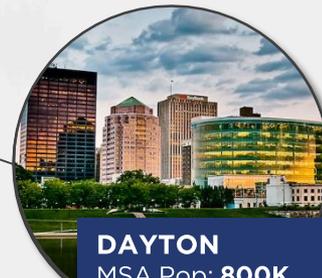
TOLEDO
MSA Pop: **608K**
'00-'15: **(1.7%)**
GDP: **\$33B**



SOUTH BEND
MSA Pop: **322K**
'00-'15: **1.7%**
GDP: **\$13B**



FORT WAYNE
MSA Pop: **430K**
'00-'15: **9.6%**
GDP: **\$20B**

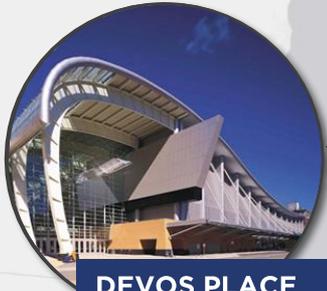


DAYTON
MSA Pop: **800K**
'00-'15: **(0.8%)**
GDP: **\$38B**



AKRON
MSA Pop: **706K**
'00-'15: **(1.6%)**
GDP: **\$32B**

Minor League Markets: Convention Facilities



DEVOS PLACE
Total SF: **234K**
Exhibit Hall SF: **160K**
Ballroom SF: **40K**



SEAGATE CENTRE
Total SF: **92K**
Exhibit Hall SF: **75K**
Ballroom SF: **N/A**



CENTURY CENTER
Total SF: **75K**
Exhibit Hall SF: **41K**
Ballroom SF: **12K**



JOHN S. KNIGHT CENTER
Total SF: **123K**
Exhibit Hall SF: **43K**
Ballroom SF: **12K**

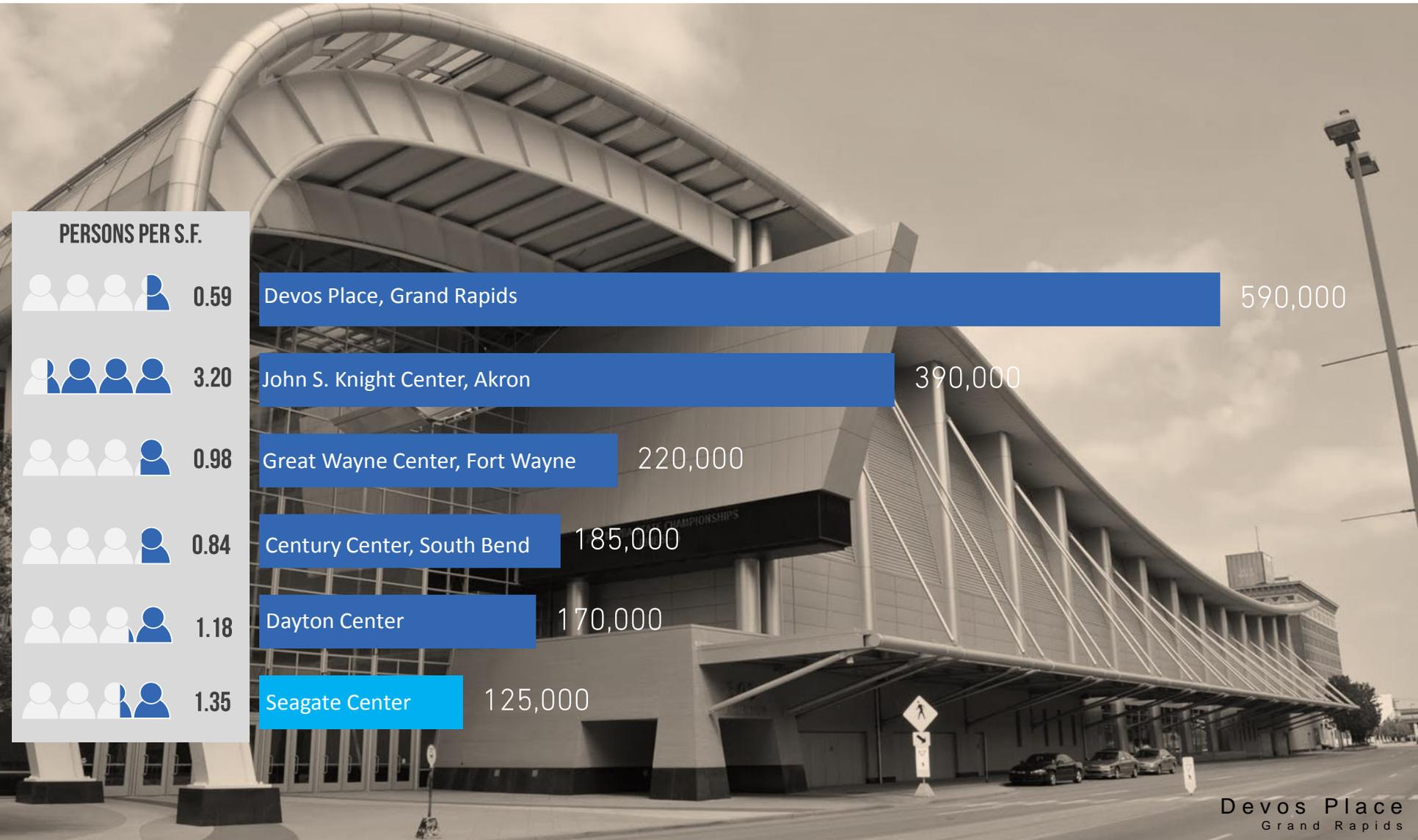


GRAND WAYNE
Total SF: **225K**
Exhibit Hall SF: **48K**
Ballroom SF: **16K**



DAYTON CONV. CENTER
Total SF: **150K**
Exhibit Hall SF: **77K**
Ballroom SF: **N/A**

Minor League Markets: Convention Visitors



Devos Place
Grand Rapids

Competitive Local Supply

Park Inn

Attached to SeaGate
12,000 sf function space
5,500 sf ballroom
294 guest rooms



Ramada

20,000 sf function space
5,600 sf ballroom
303 guest rooms
14 meeting rooms



Hilton Garden Inn

18,000 sf function space
9,800 sf ballroom
184 guest rooms
10 meeting rooms



Maumee Bay Lodge

7,500 sf function space
5,000 sf ballroom
120 guest rooms
8 function rooms



Kalahari Resort

215,000 sf function space
38,000 sf ballroom
17,200 sf ballroom
890 guest rooms



50 miles southeast (Sandusky, OH)

SeaGate

Ballroom/Expansion Case Studies



1964
310,000 ft²

TULSA, OK

Added 85,000 ft² in 2009,
including 30,000 ft² ballroom
Total cost: \$50.5M

Funding: Vision 2025 sales tax

Renovation and expansion seen as
key to keeping center competitive.



1994
65,000 ft²

SHARONVILLE, OH

Added 38,000 ft² in 2012,
converting the old exhibition hall
into a 14,000 ft² ballroom
Total cost: \$30M

Funding: County hotel tax (same
funding source as Duke Energy
Center in Cincinnati)



1984
80,000 ft²

GREEN BAY, WI

Added 35,000 ft² in 2015, including
25,000 ft² ballroom
Total cost: \$24M

Funding: Loans to redevelopment
authority and support from Kress
Family and Green Bay Packers
Expected to generate \$4M add'l
spending

New Convention Center Case Studies



2010
107,000 ft²

WILMINGTON, NC

Total cost: \$62M

Funding: 3% county hotel tax

- 12,000 ft² ballroom
- 5,800 ft² meeting space
- 12,000 ft² event lawn
- 578 space parking deck
- 33,000 ft² adj. hotel site
- Located on Cape Fear River



2014
169,000 ft²

OWENSBORO, KY

Total cost: \$50M

Funding: Insurance premium tax

- 48,000 ft² ballroom and meeting space
- 44,000 ft² exhibit hall
- Adj. privately-funded 151-room hotel
- View of city and Ohio River



2012
144,000 ft²

PROVO, UT

Total cost: \$42M

Funding: County "Tourism, Recreation, Cultural and Convention Tax" revenue and city-donated land

- 17,000 ft² ballroom
- 20,000 ft² exhibit hall
- 5,600 ft² rooftop garden
- 580 space parking deck
- View of mountains

Convention Conclusions



200,000
Annual
Attendees

Convention Conclusions

> Dayton and Akron are most comparable convention markets

> Grand Rapids has several advantages, including limited competition within Michigan

> Ballroom additions have proven successful in driving increased attendance

> Pre-recession attendance figures are a reasonable target for a repositioned SeaGate Center





Introduction

The Role of Convention Centers

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Markets

> *Employment*

Hospitality/Hotels

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Markets: Downtown Employment



19,500
Total Downtown Jobs



1,500
ProMedica*



1,450
HCR Manor Care



1,300
Libbey



1,200
Owens Corning



500
SSOE



400
Fifth Third



*Reported New Jobs | Esri,

CASE STUDY: PROMEDICA



750

Attendance per semi-annual management team meetings

300

Attendance for annual governance retreat

300

Attendance for annual governance dinner

300

Attendees for annual innovation summit

6-8

Annual regional education conferences

Markets: Employment

Did you know...

\$48,000

The Toledo region has a higher GDP, per capita than any of its peer regions?

12%

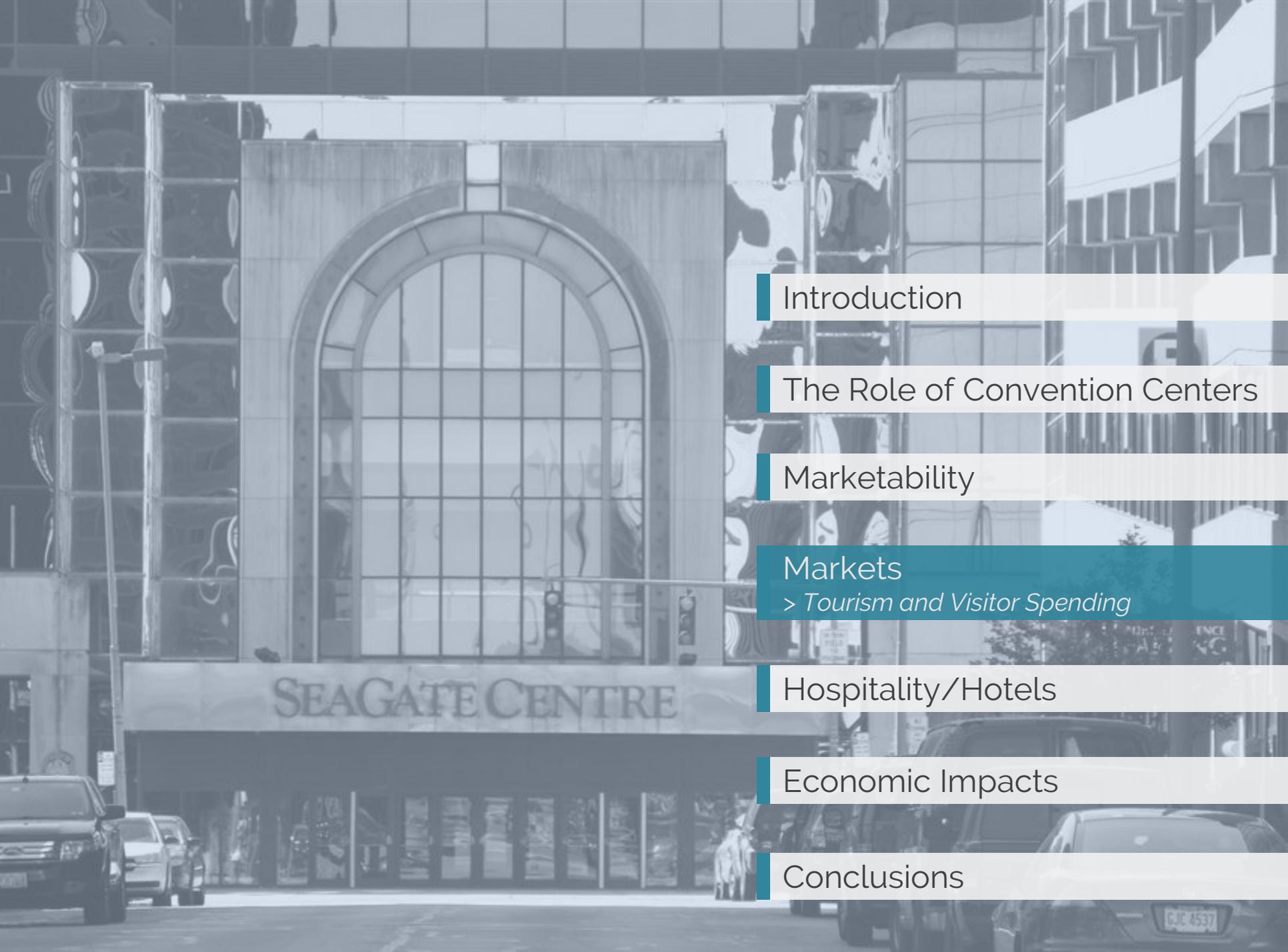
The Toledo region's GDP growth is tied with Grand Rapids, far exceeding that of its other peers—as well as the national average (4%)?

14%

Per capita income growth in the Toledo region has slightly exceeded the national figure?

47%

The Toledo region has added 1,800 hospitality and tourism jobs—a growth rate greater than any of its peer regions?



SEAGATE CENTRE

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> *Tourism and Visitor Spending*

Hospitality/Hotels

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Hotels and Conventions



1 MILLION

overnight visitors to Lucas County each year



5,077

hotel rooms in Lucas County



535

hotel rooms downtown*

*Marriott Hotel will add 241 rooms to the existing Park Inn, which has 294 rooms

Visitor Spending

\$75

Per day expenditure
per day visitor

\$225

Per night expenditure
per overnight visitor



Markets: Convention Visitors

AVERAGE EVENT INCOME BY TYPE, 2011-2015



\$12,000

Consumer Shows



\$7,500

Trade Shows



\$6,000

Conventions,
Banquet



\$4,000

Assembly,
Concerts,
Entertainment,
Sporting

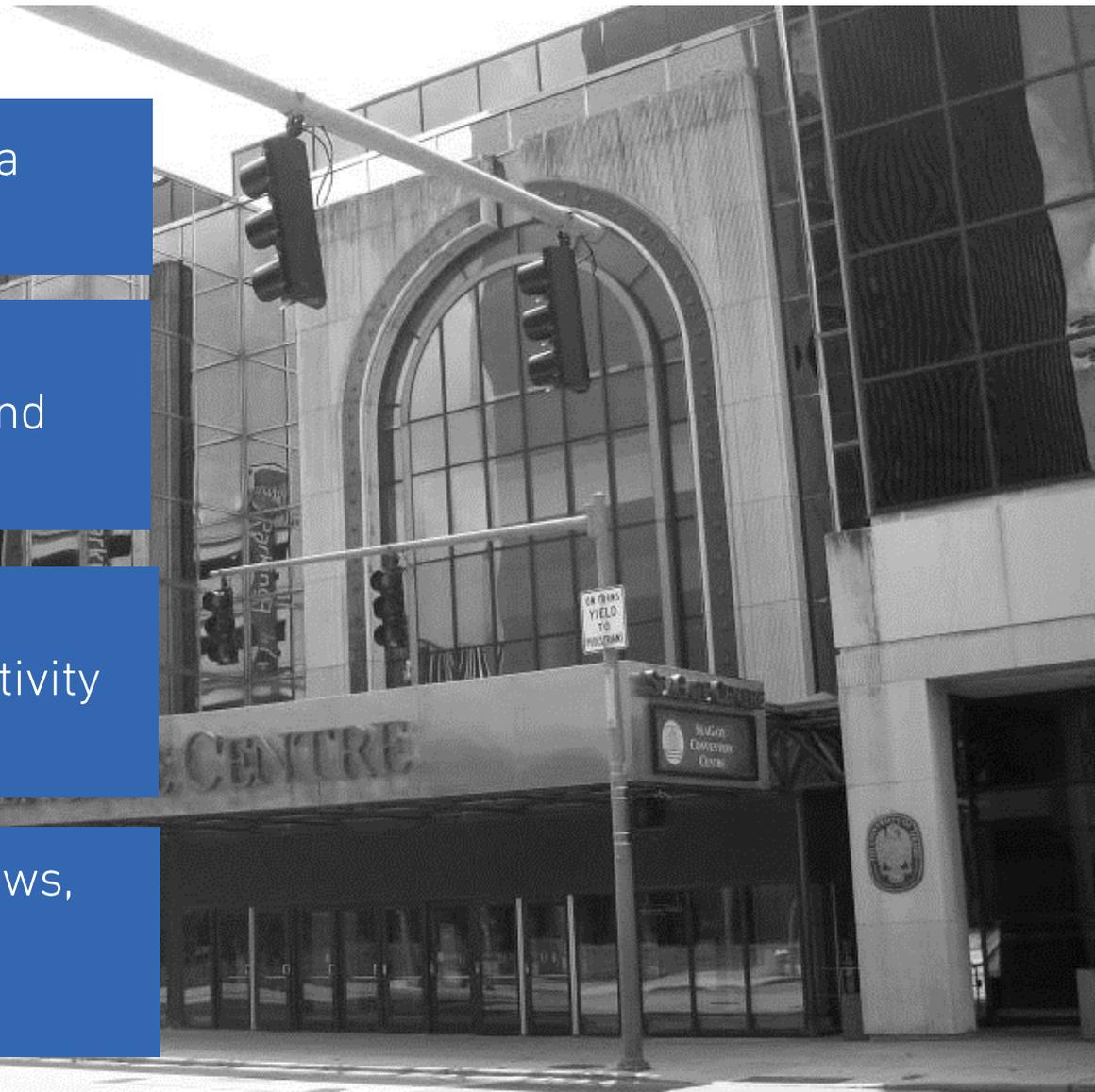


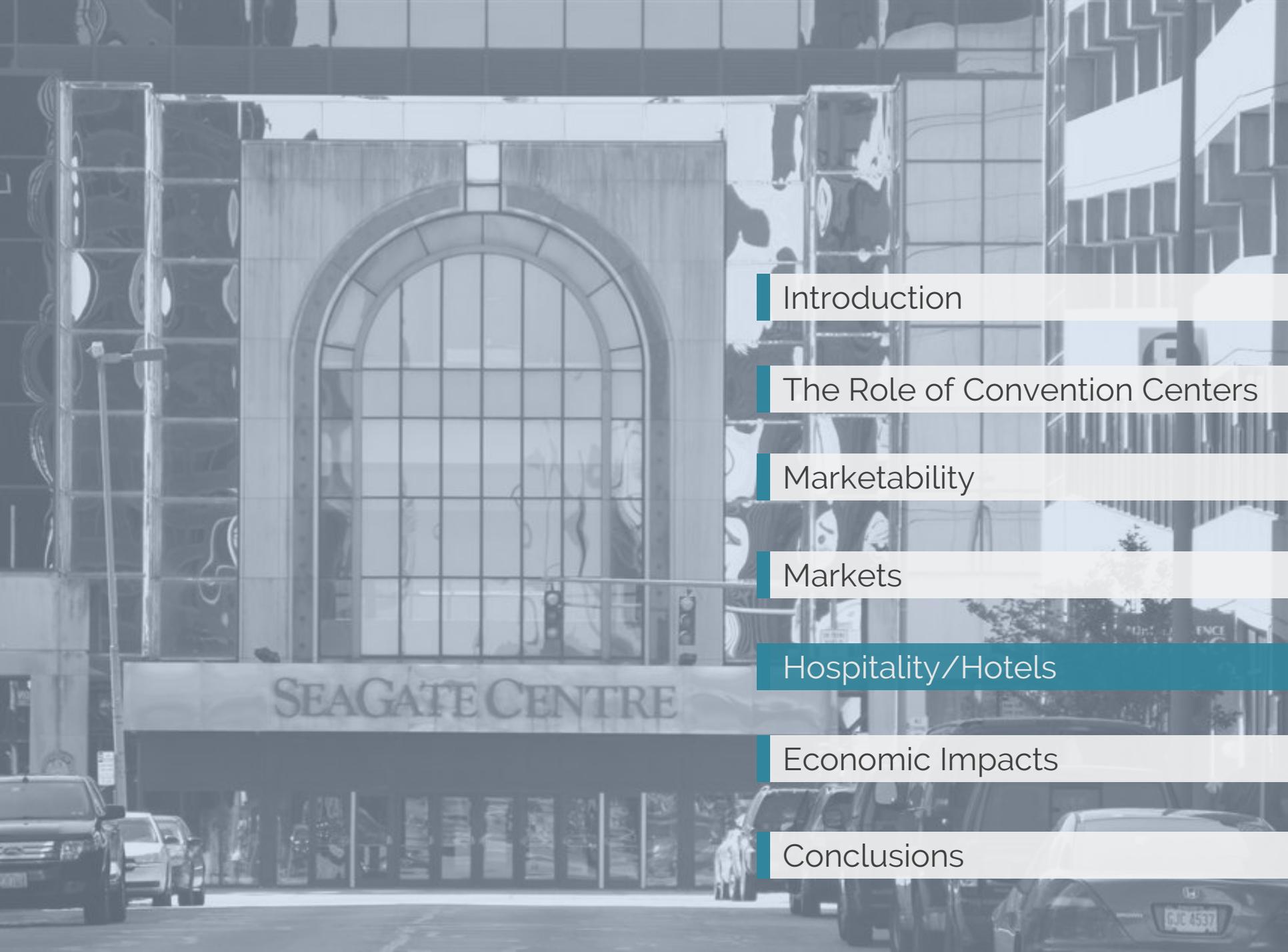
\$1,000

Meeting

Market Conclusions

- > Business/business travel is a particular strength for Toledo
- > Business can provide a third column of support for hotels and hospitality
- > Overnight visitors are the primary driver of economic activity in the tourism/visitor industry
- > Consumer shows, trade shows, and conventions will have the biggest impact





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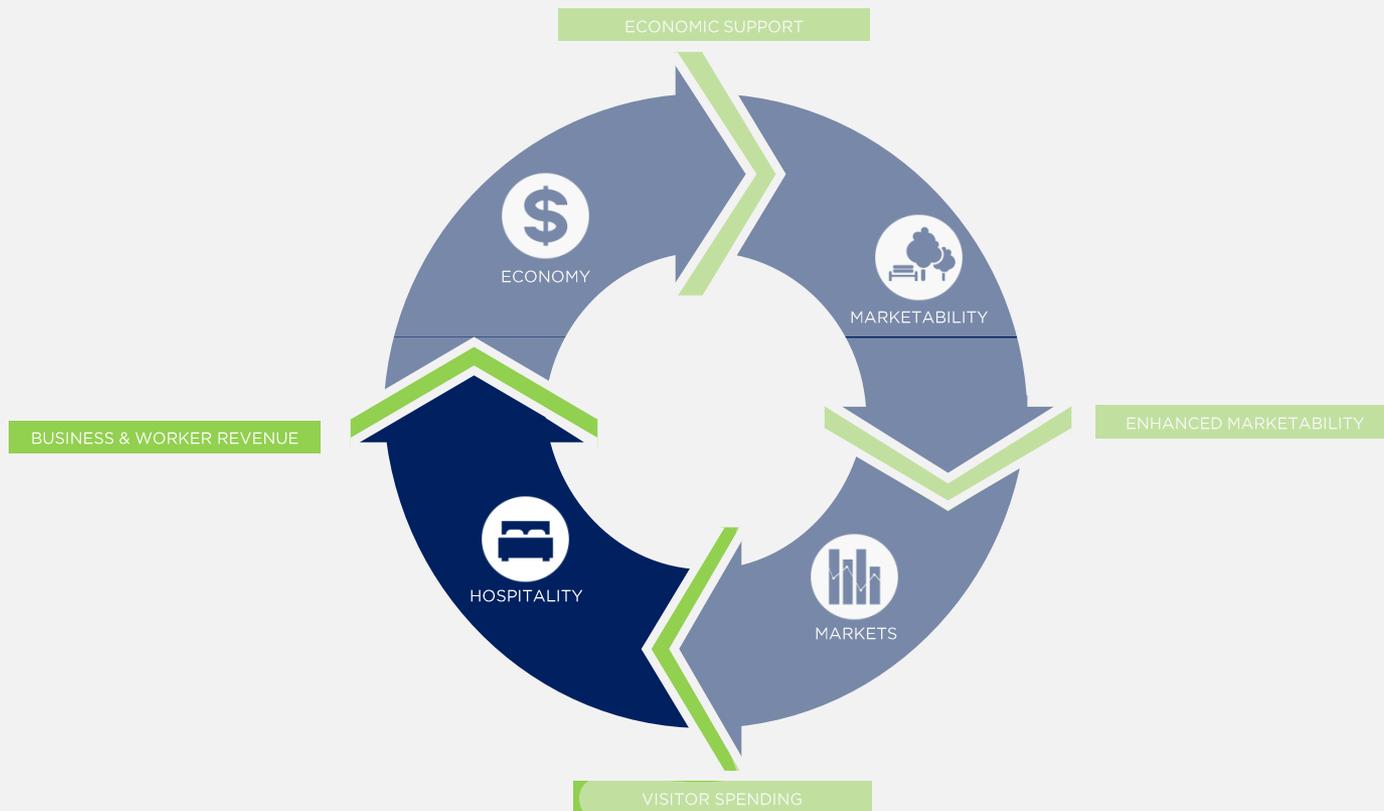
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DEVELOPMENT STRATEGIES[®]

MARKETABILITY

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HOSPITALITY

ECONOMY

Activity Generators Public Space

Amenities Security & Image

Housing
Retail

Employment Conventions & Groups
Tourism

Retail, Restaurants, Transportation

Hotels

Jobs

Worker Spending

Private Investment

Tax Revenue

Cultural Anchors



600 Supportable
Hotel Rooms

300,000 Overnight
Visitors

1.7M Total Visitors

Toledo Zoo
1.3M Visitors

Toledo Museum of Art
440 K Visitors

Hotels: Overview

The Hotel Market is Improving:
2011-2015



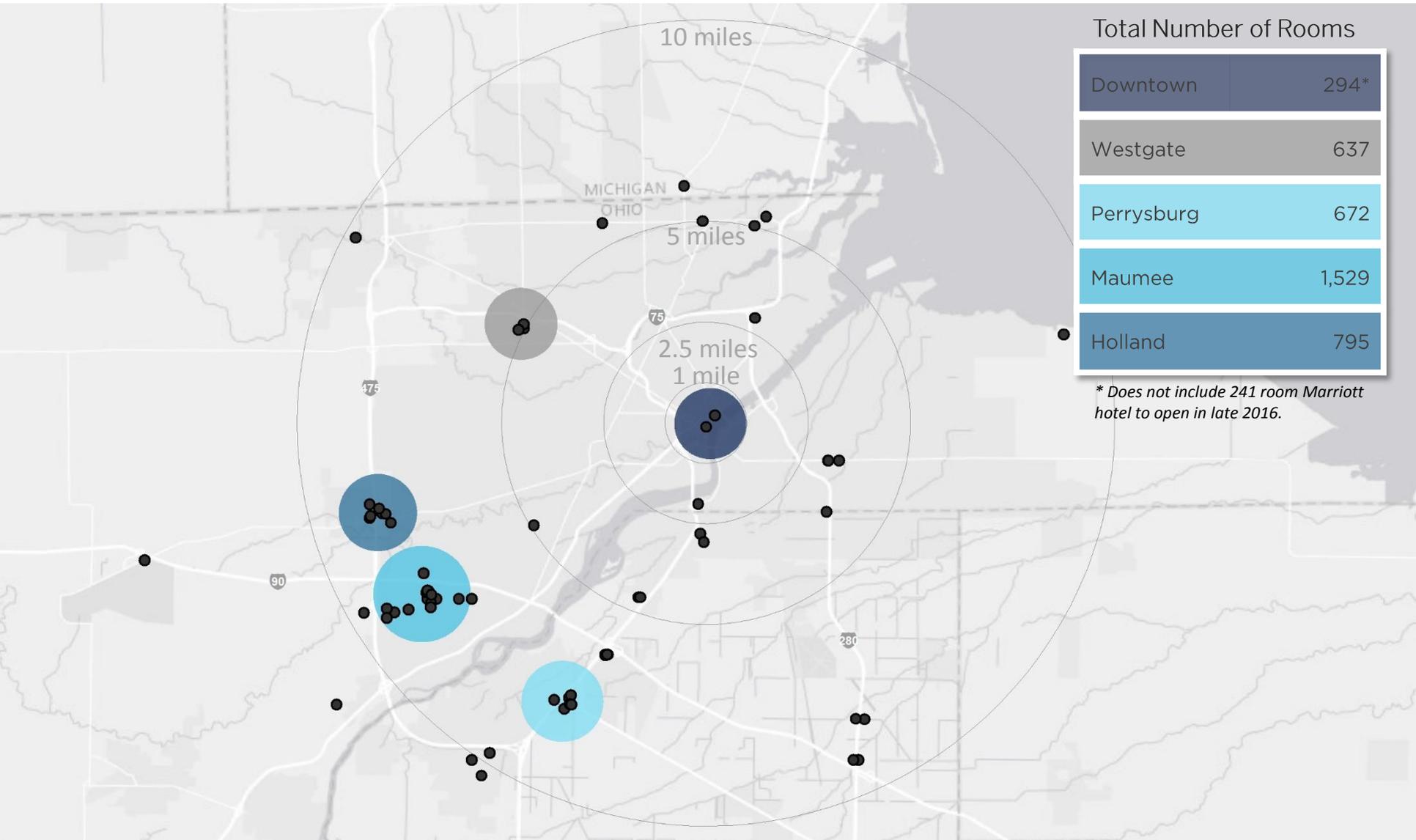
18% Increase in Lucas County Tourism Sales

5% Increase in Lucas County Hotel Occupancy

15% Increase in average room rates

Tourism Economics 2016 | Toledo CVB | Smith Travel |

Regional Hotel Overview



Convention Hospitality: Half Mile Radius



GRAND RAPIDS
Hotel Beds: **1,300**
Restaurants: **94**



TOLEDO
Hotel Beds: **535**
Restaurants: **42**



SOUTH BEND
Hotel Beds: **370**
Restaurants: **32**



FORT WAYNE
Hotel Beds: **495**
Restaurants: **37**



DAYTON
Hotel Beds: **470**
Restaurants: **64**



AKRON
Hotel Beds: **145**
Restaurants: **36**

Convention Hospitality: Half Mile Radius



GRAND RAPIDS

Grand Rapids Public Museum
Gerald Ford Museum
Grand Rapids Art Museum
Children's Museum
Van Andel Arena
Civic Theater



TOLEDO

Fifth Third Field
Huntington Center
Valentine Theater
Imagination Station
Promenade Park



SOUTH BEND

Morris Performing Arts Center
Riverfront Trails & Parks
Healthworks Kids' Museum
South Bend Museum of Art



FORT WAYNE

Parkview Field
Embassy Theater & Botanical Conservatory
The History Center
Fort Wayne Art Museum



DAYTON

Fifth Third Field (0.6 mi)



AKRON

Akron Art Museum
Akron Civic Theater
Lock 3 Park
Towpath Trail

Hotel Demand Estimates



600

rooms supported by
cultural/tourism patrons



100

rooms supported by
existing convention
business



?

rooms supported by
corporate/business
travelers



535

existing hotel rooms



250-400

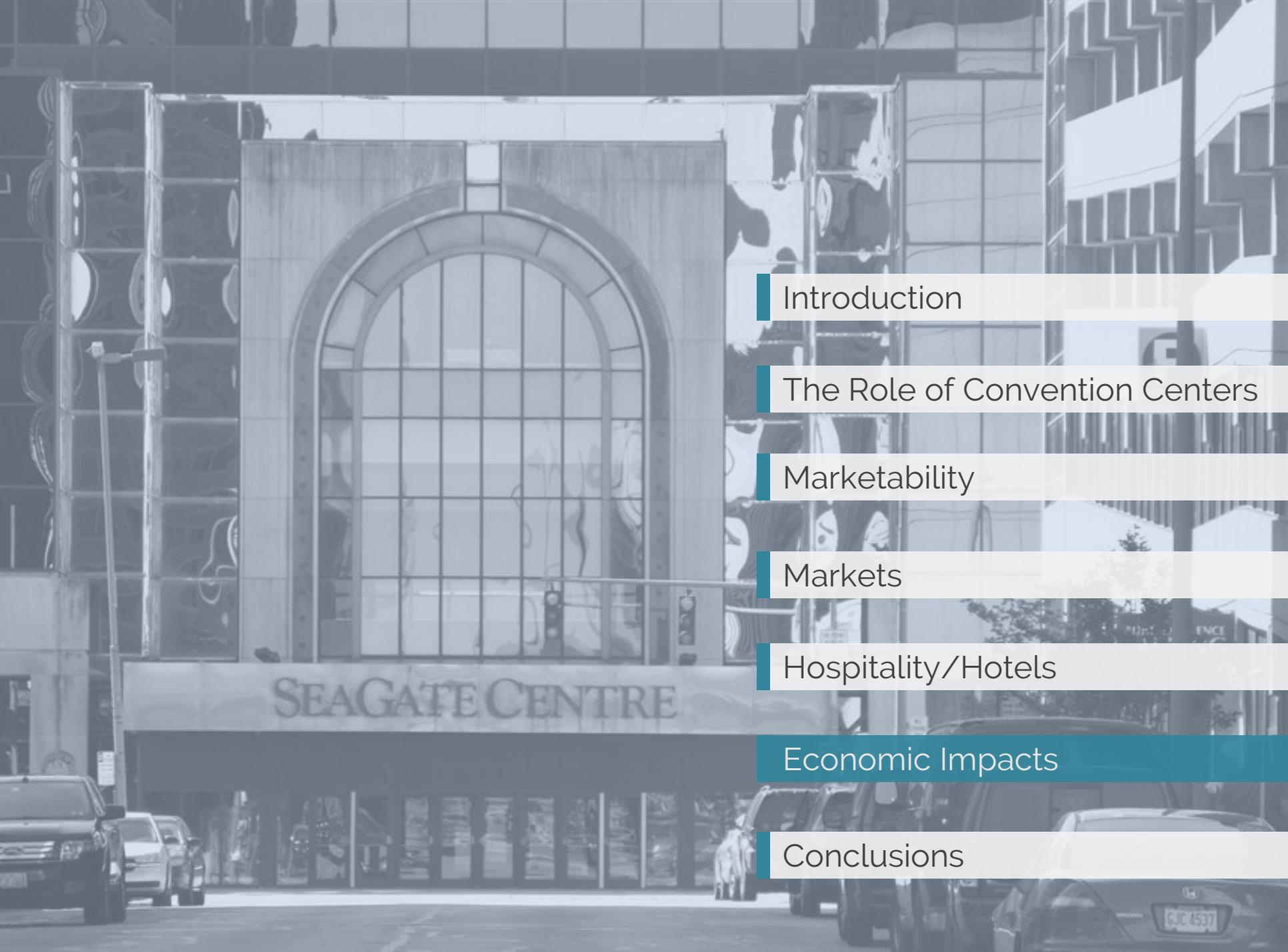
ADDITIONAL
hotel rooms supported
downtown

*Marriott Hotel will add 241 rooms to the existing park inn, which has 294 rooms

Hospitality Conclusions

- > The hotel market in Lucas County is improving
- > There is an opportunity for Downtown Toledo to capture more hotel demand from tourists
- > Downtown Toledo is generally more competitive than its peers in terms of hotels and amenities
- > There is growing market demand for more quality hotels Downtown





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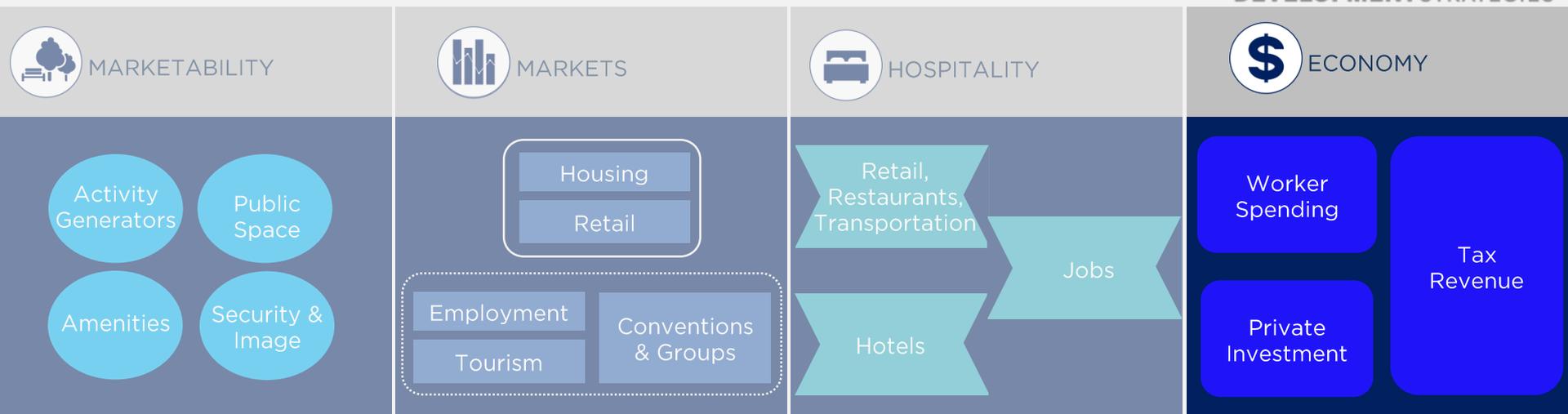
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DEVELOPMENT STRATEGIES[®]





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> *Concept Overview*

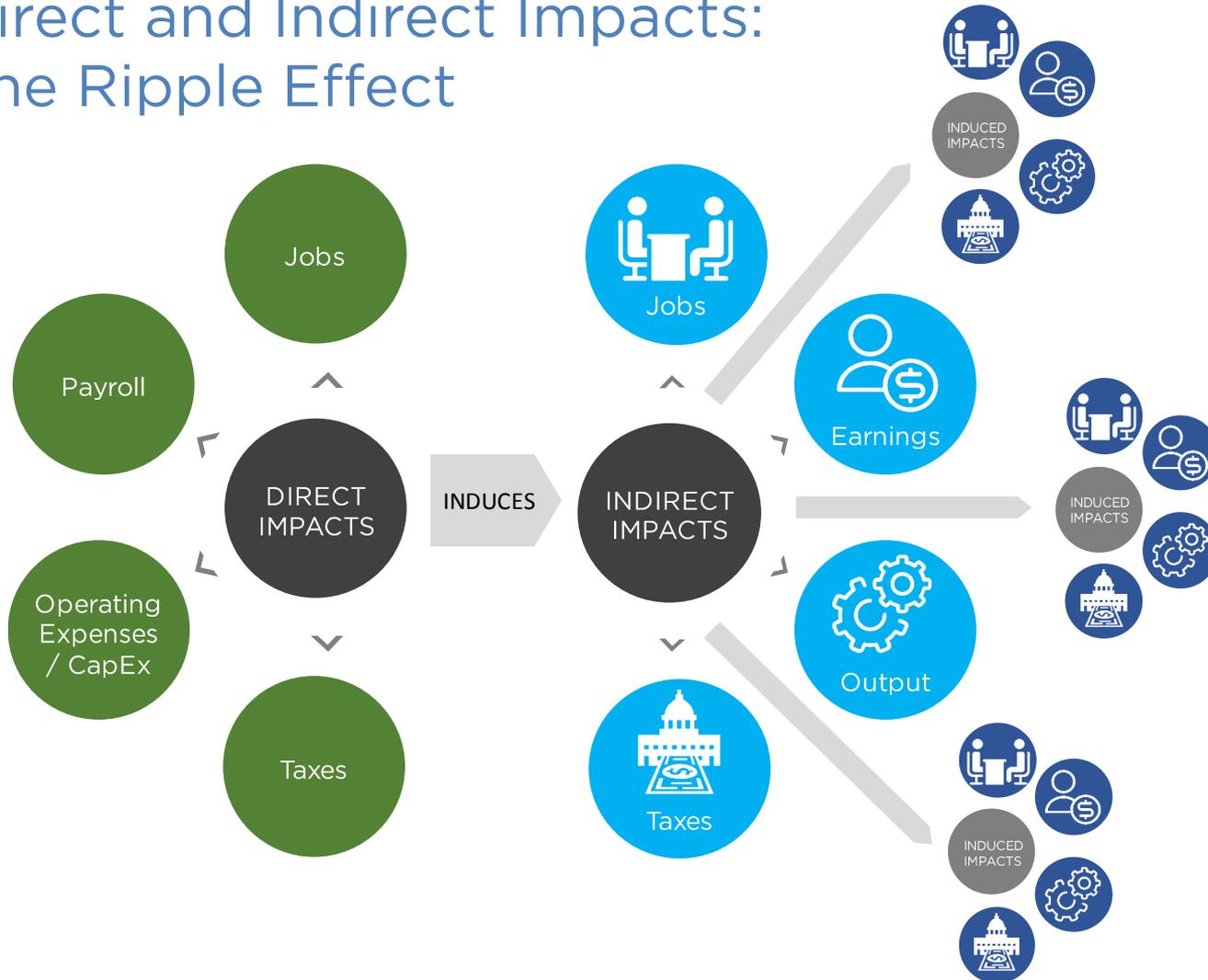
Conclusions and Next Steps

Introduction to Economic Impacts

1

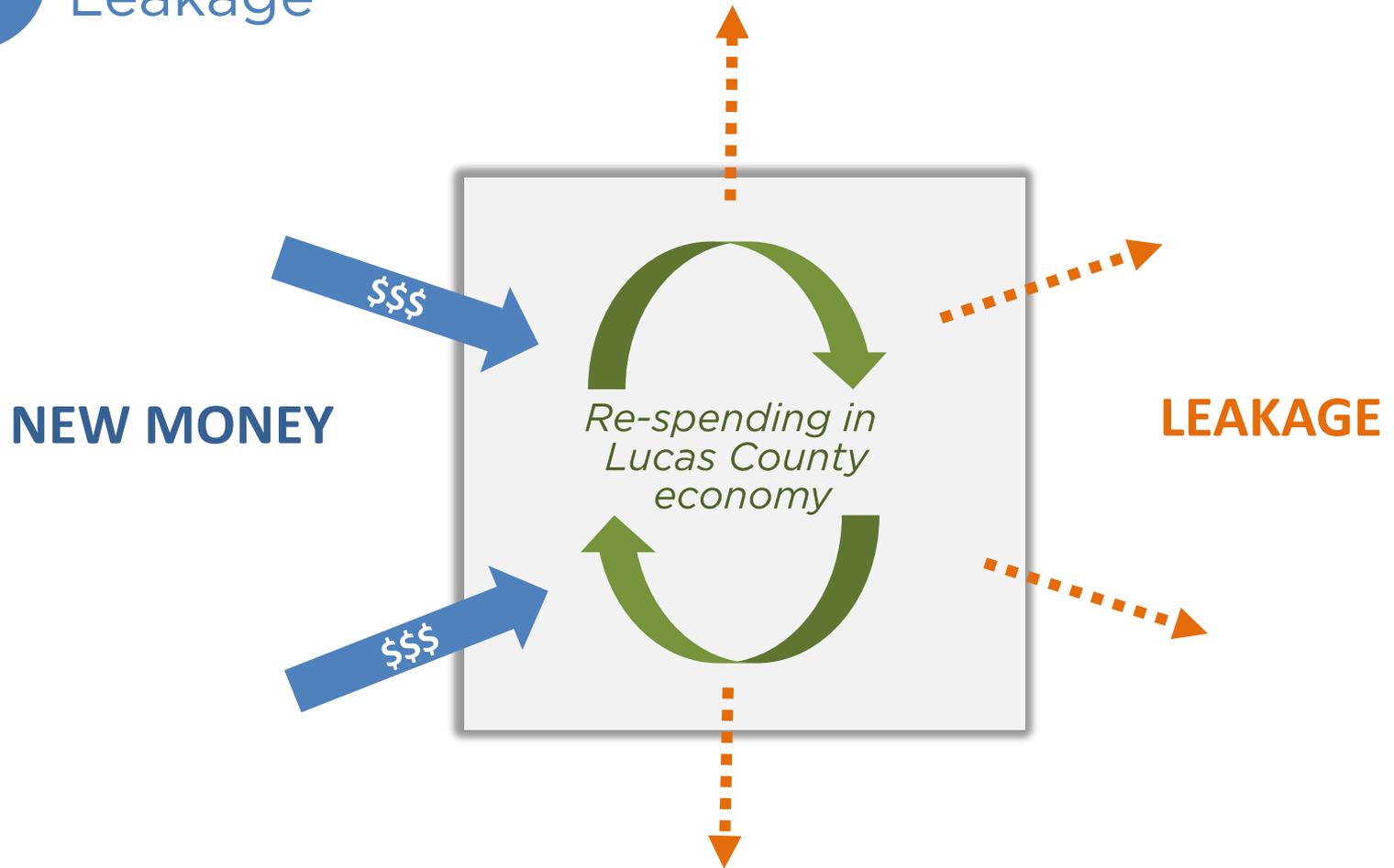
CONCEPT ONE

Direct and Indirect Impacts: The Ripple Effect



Introduction to Economic Impacts

2 CONCEPT TWO Leakage



Introduction to Economic Impacts

3

CONCEPT THREE

Measures of Economic Performance

Economic Output



Household Earnings



Jobs Supported



Introduction to Economic Impacts

4

CONCEPT FOUR

Multipliers

64 industry sectors

Accommodation

Construction

Performing arts, spectator sports, & related activities

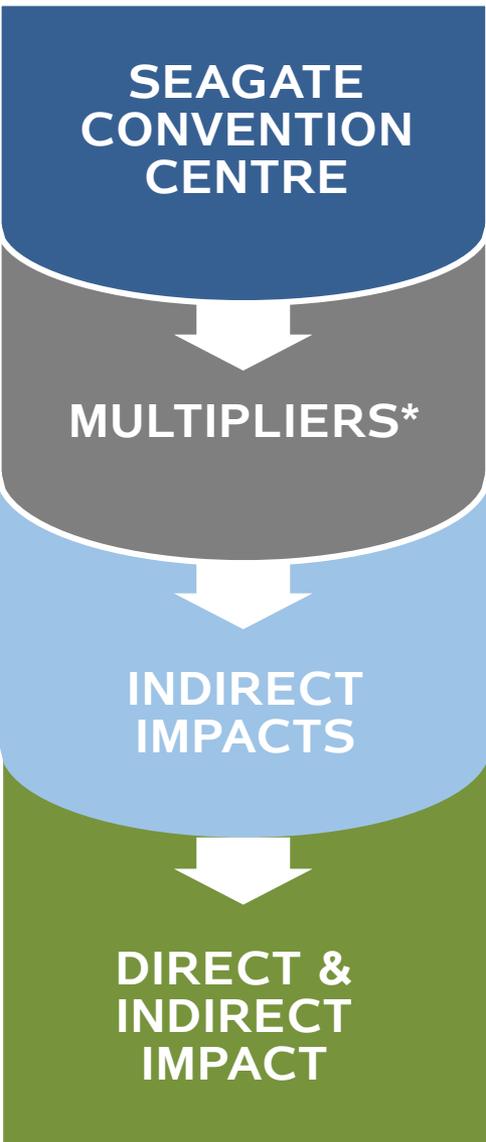
Household



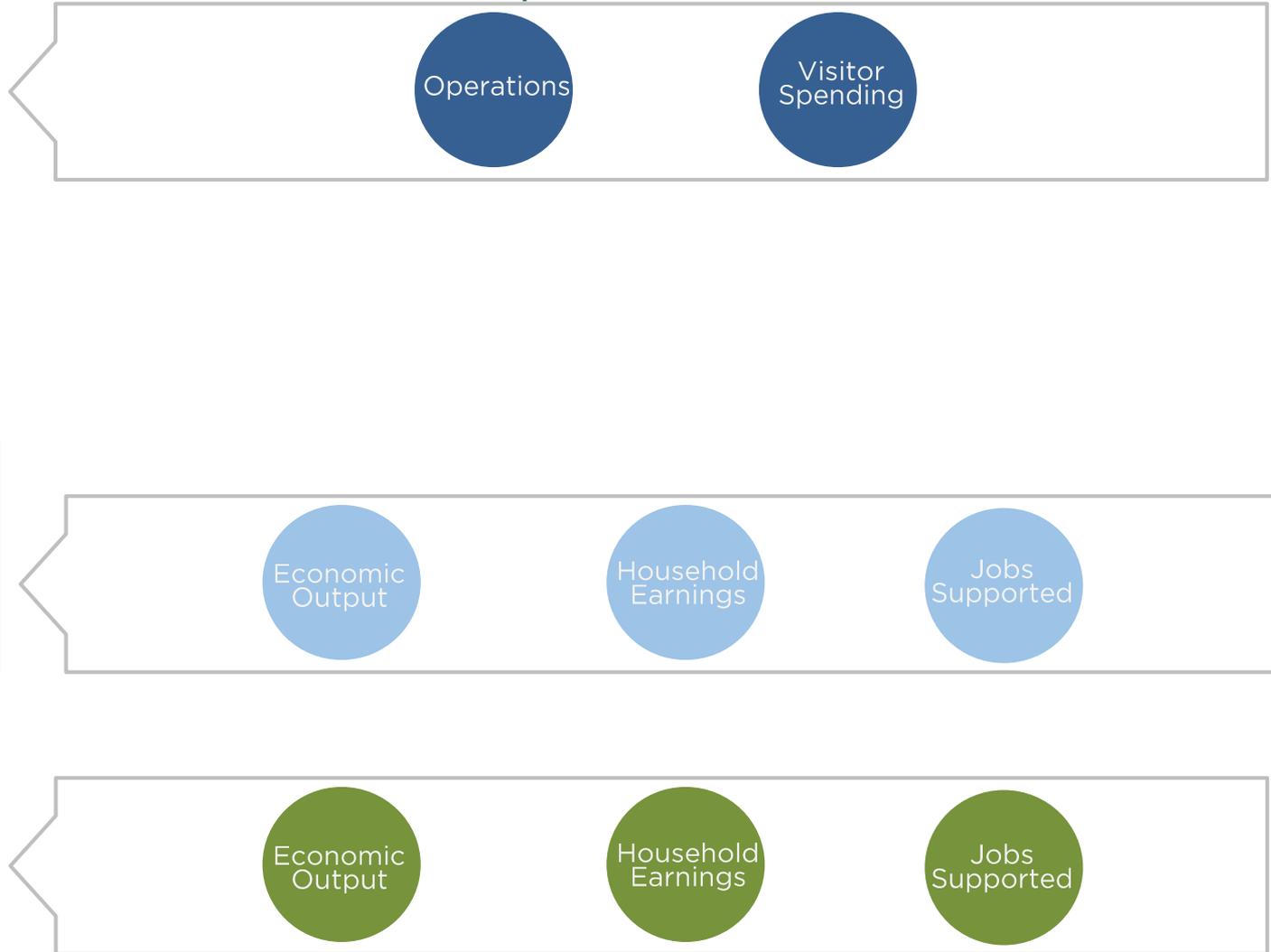
	Accommodation	Construction	Performing arts, spectator sports, & related activities	Household
ECONOMIC OUTPUT	1.58	1.67	1.77	0.97
EARNINGS	0.37	0.39	0.47	0.22
JOBS	13.96	8.87	14.48	6.65

RIMS II Multipliers, U.S. Department of Commerce
*per \$1 million expenditures

Introduction to Economic Impacts



The Economic Impact Model



*RIMS II Multipliers

Introduction to Economic Impacts

Economic Inputs: Operations and Visitor Spending

SeaGate Operations \$2.3 Million

Payroll (\$785K)

Non-Labor Operations
(\$1.2M)

Capital Expenditures
(\$366K)

+

SeaGate Visitor Spending \$10.1 Million

Hotels (\$2.5M)

Bars/Restaurants (\$2.6M)

General Retail (\$1.5M)

Recreation (\$1.5M)

Gasoline (840K)

Transportation (\$1.1M)

*Average Annual Spending, 2011 to 2015



Introduction

The Role of Convention Centers

Marketability

Markets

Hospitality/Hotels

Economic Impacts
> *Economic and Fiscal Impacts*

Conclusions and Next Steps

Visitor Spending Overview



Daytrip
Visitors

\$0

\$25

\$15

\$15

\$10

\$10

ACCOMMODATIONS

FOOD & BEVERAGE

GENERAL RETAIL

RECREATION

GAS

TRANSPORTATION

\$100

\$45

\$25

\$25

\$10

\$20



Overnight
Visitors



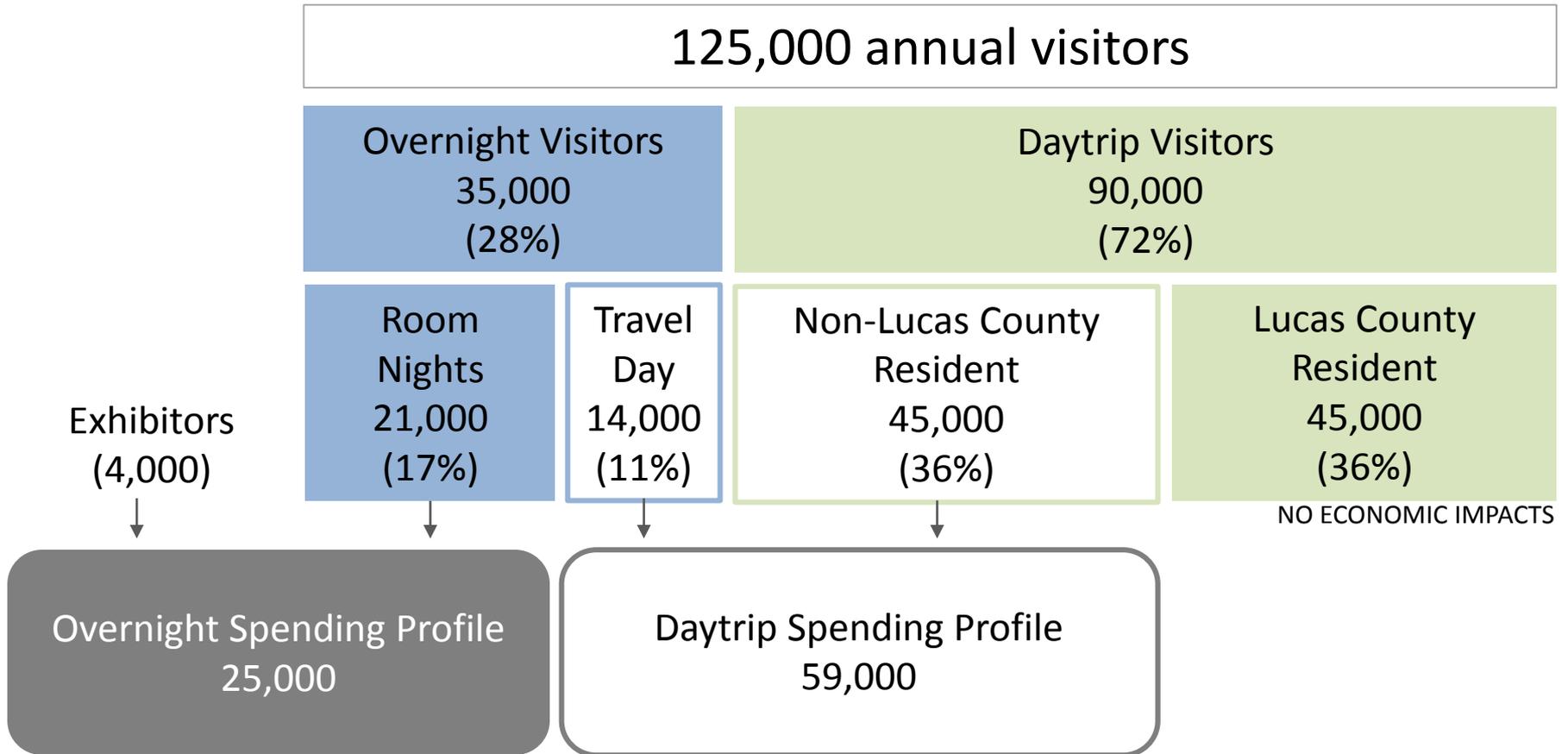
Visitor Spending Overview

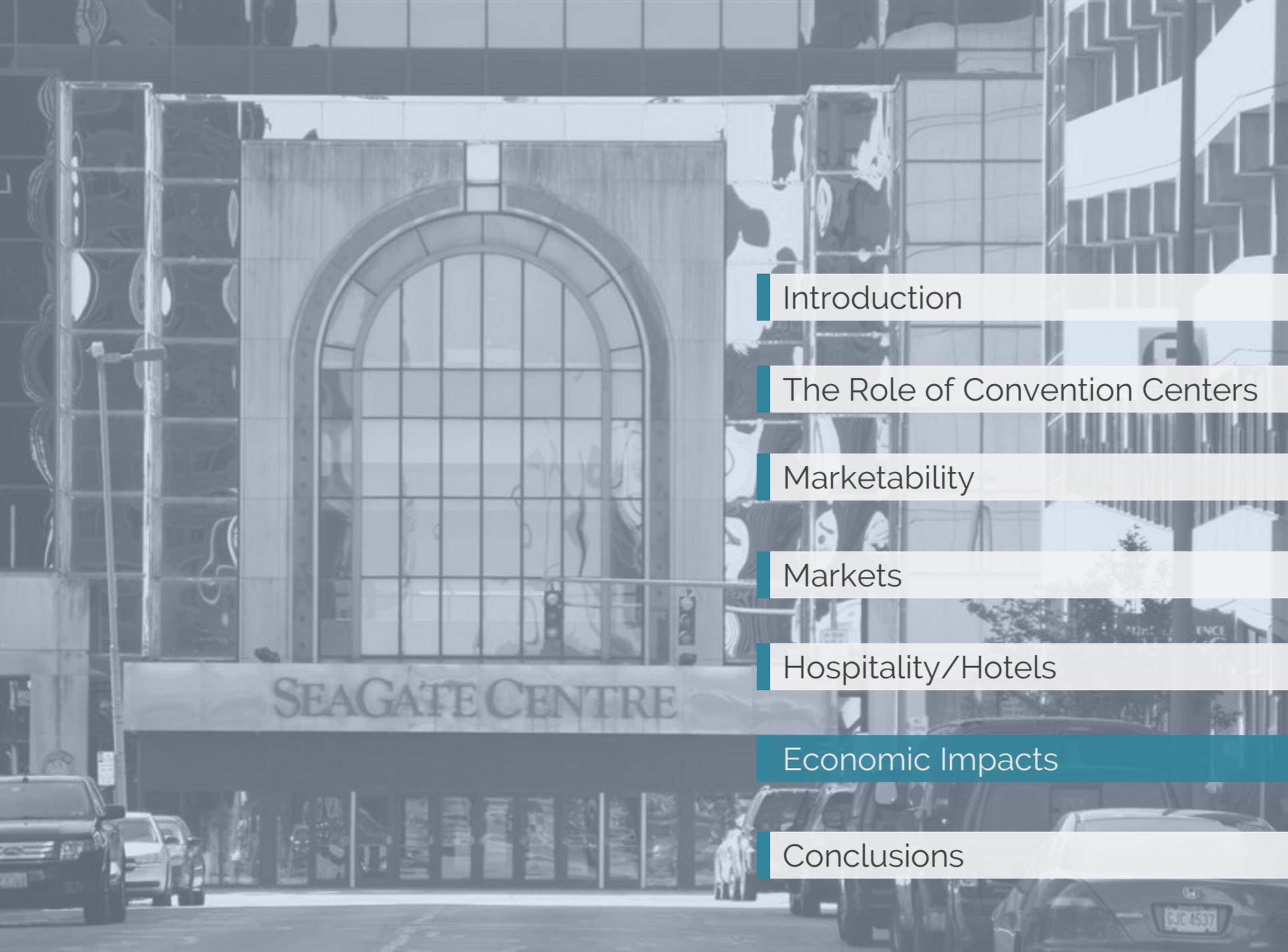
SeaGate Average Annual Attendance by Event (2011-2015) and Overnight Visitor Assumptions

<i>Event Type</i>	<i>Average Attendance by Event</i>	<i>% Overnight visitor (DS Estimate)</i>	<i>Est. Overnight Visitors</i>
Consumer/Trade Shows	51,000	10%	5,000
Assembly	19,000	10%	2,000
Conventions	29,000	90%	26,000
Banquets	7,000	5%	-
Meetings	3,000	5%	-
Other events	16,000	10%	2,000
Total Average Annual Attend.	125,000	28%	35,000

Source: SMG/SeaGate, Development Strategies

Visitor Spending Overview





Introduction

The Role of Convention Centers

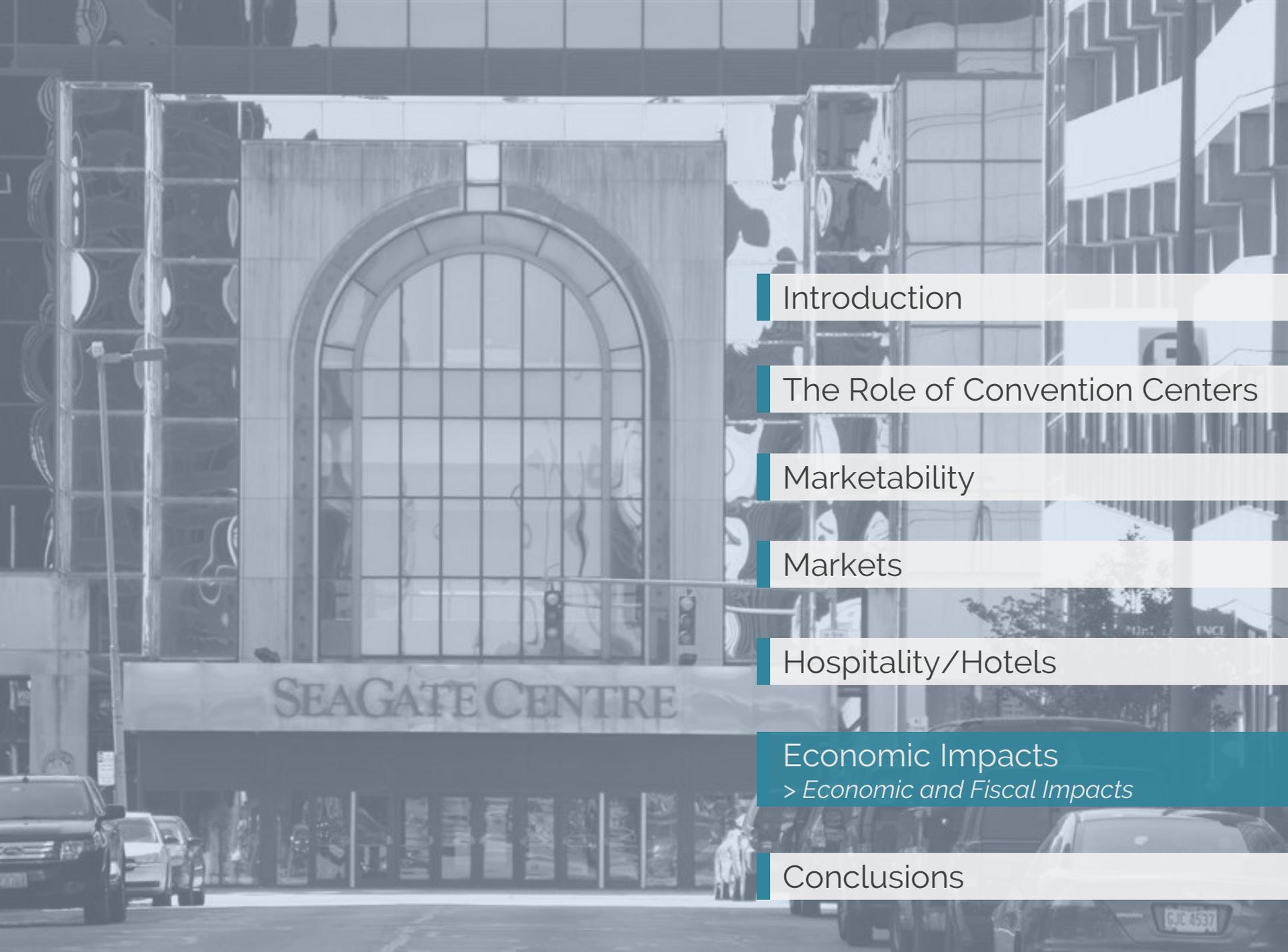
Marketability

Markets

Hospitality/Hotels

Economic Impacts

Conclusions



Introduction

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Hospitality/Hotels

Economic Impacts
> *Economic and Fiscal Impacts*

Conclusions

Economic Impacts

Average Annual Economic Impacts of SeaGate Operations and Visitor Spending on Lucas County, 2011-2015, in 2015 dollars

	<i>SeaGate Operations</i>	<i>SeaGate Visitor Spending</i>	<i>Total</i>
<i>Total Direct Spending</i>			
Total	\$ 2,344,000	\$ 10,050,000	\$ 12,394,000
Operations (Non-Labor)	\$ 1,193,000	\$ 7,660,000	\$ 8,853,000
Wages	\$ 785,000	\$ 2,390,000	\$ 3,175,000
Capital Expenditures	\$ 366,000	N/A	\$ 366,000
<i>Indirect Economic Impacts</i>			
Output	\$ 3,486,000	\$ 15,073,000	\$ 18,559,000
Earnings	\$ 874,000	\$ 3,530,600	\$ 4,404,600
Jobs	30	140	170
<i>Total Direct and Indirect Impacts</i>			
Output	\$ 5,830,000	\$ 25,123,000	\$ 30,953,000
Earnings	\$ 1,659,000	\$ 5,920,600	\$ 7,579,600
Jobs	50	280	330

Average Annual Economic Impacts

SeaGate
Operations

\$5.8M
Output

50
Jobs

SeaGate
Visitor Spending

\$25.1M
Output

280
Jobs

Total

\$31.0M
Output

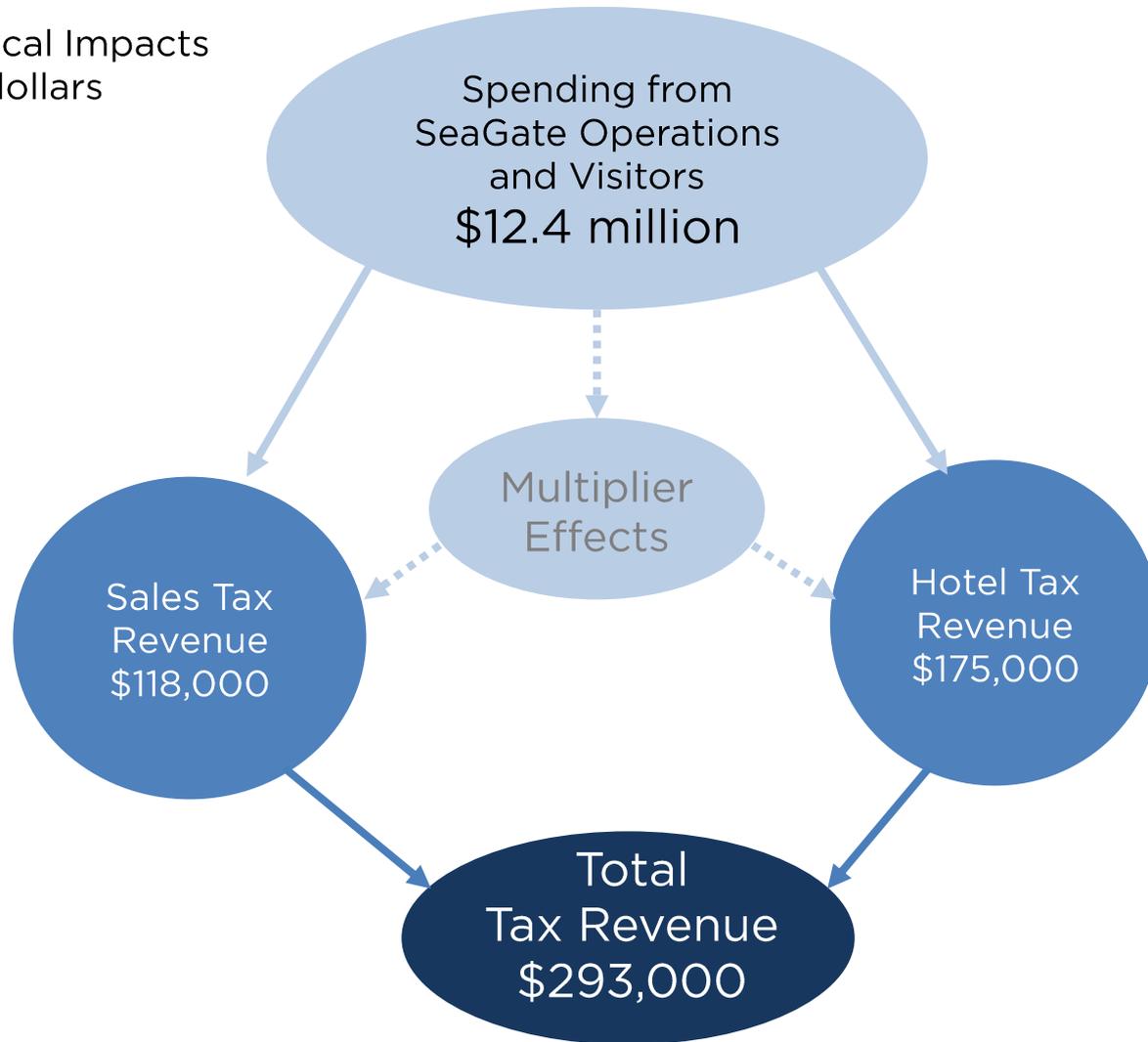
330
Jobs

+

=

Fiscal Impacts on Lucas County

Average Annual Fiscal Impacts
2011-2015, in 2015 dollars





Introduction

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Hospitality/Hotels

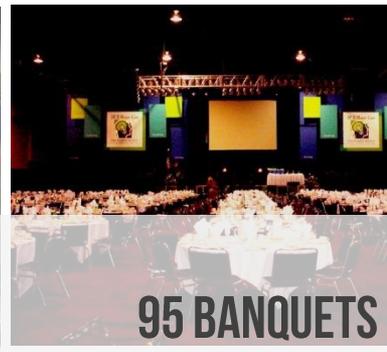
Economic Impacts
> *Projections and Scenarios*

Conclusions

Convention Conclusions

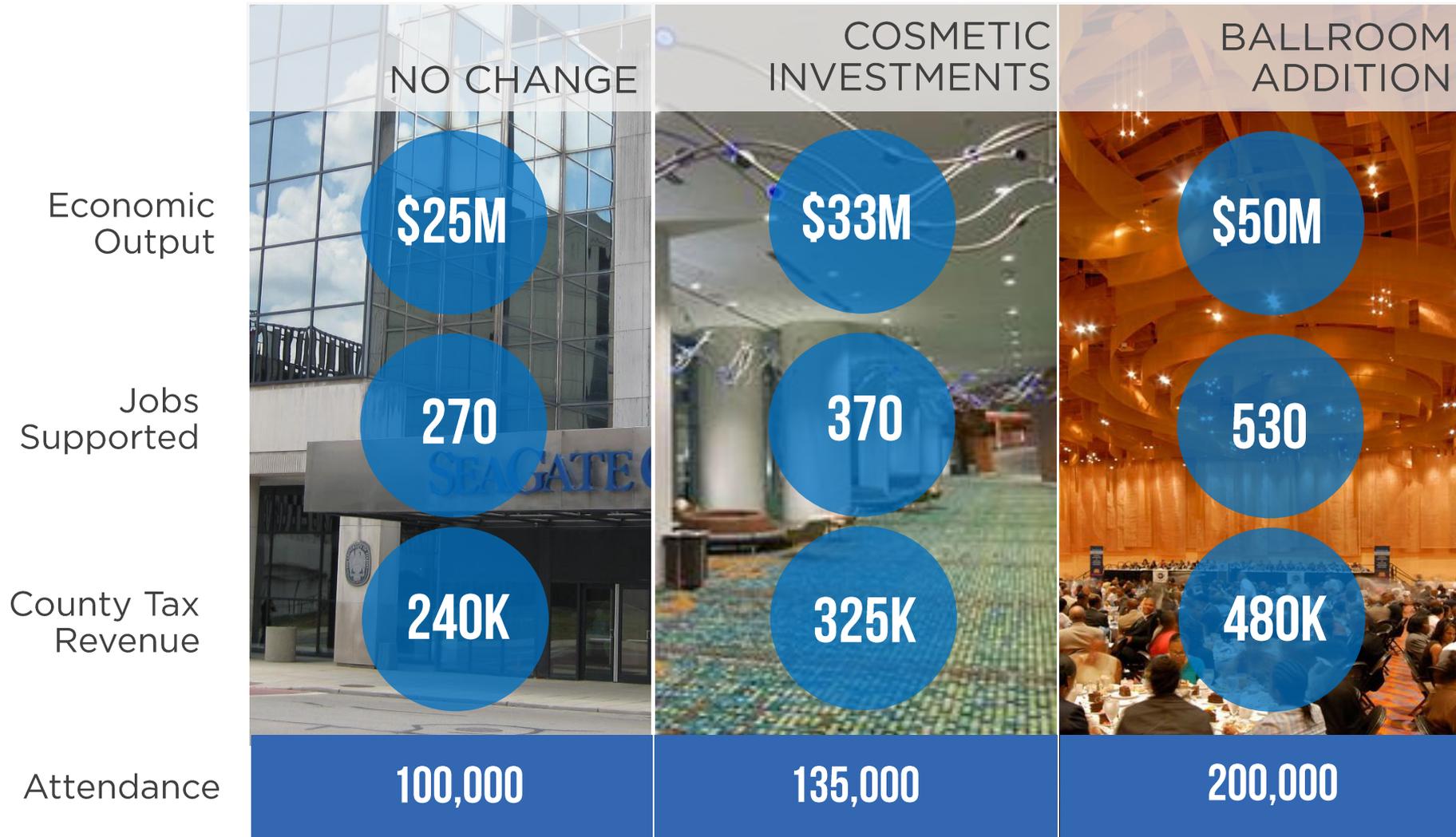


Impacts of 10,000...

	VISITOR TYPE		EVENT TYPE		
					
	OVERNIGHT	DAYTRIP	12 CONVENTIONS	5 CONSUMER/ TRADE SHOWS	95 BANQUETS
OUTPUT	\$5.6M	\$1.9M	\$4.5M	\$1.5M	\$1.1M
EARNINGS	\$1.3	\$440K	\$1.1K	\$360K	\$255K
JOBS	65	20	50	17	12
COUNTY TAX REVENUE	\$95K	\$12K	\$61K	\$16K	\$9K

Scenario Projections

Annual Average Impacts



Scenario Projections

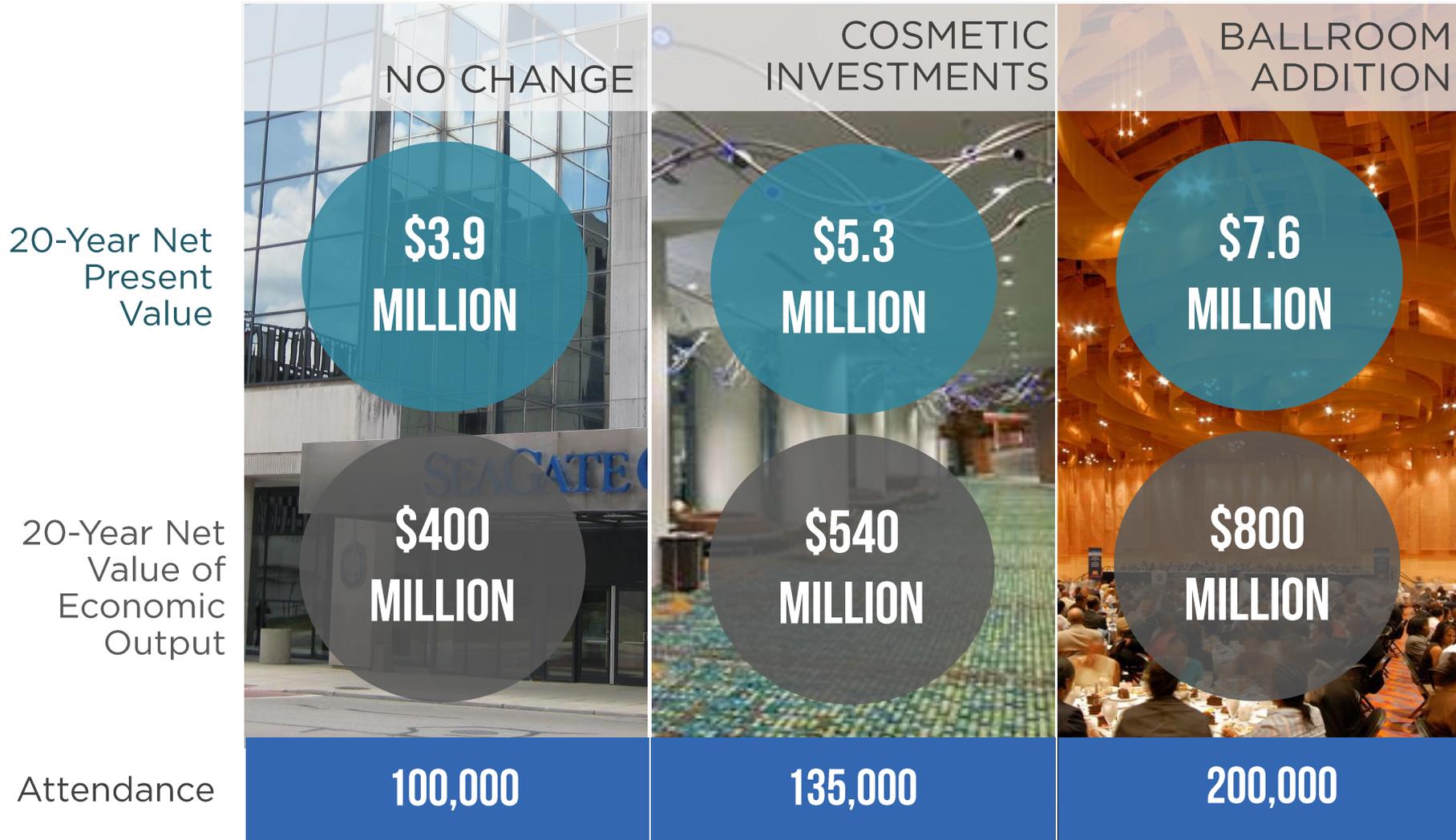
Total 20-Year Impacts

20-Year Net Present Value



Scenario Projections

Total 20-Year Impacts



| Summary

Hospitality Conclusions

> Order-of-magnitude investments in the Seagate Centre have to be right-sized

> Cost estimates for potential improvements are needed

> SeaGate a part of a series of improvements: marketability-convention-hotels

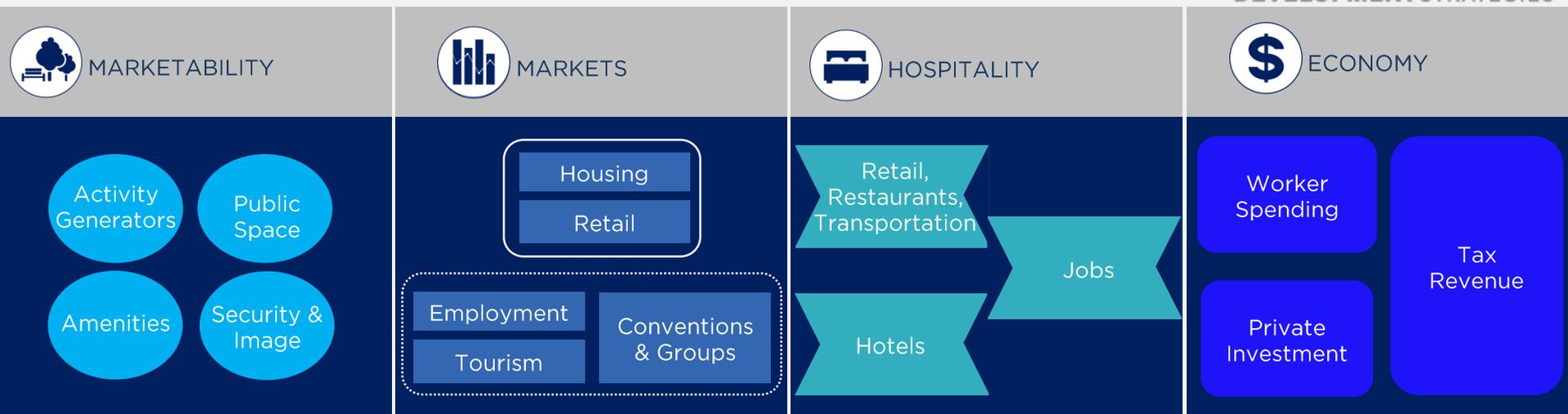
> Hotel synergies with business travel and other attractions are vital

> SeaGate can be a cornerstone in rebranding Toledo

THE VIRTUOUS CYCLE FOR CONVENTION CENTERS



DEVELOPMENT STRATEGIES[®]



| Appendix

Appendix

SeaGate Convention Centre Annual Income Statement, 2011 to 2015

	2011	2012	2013	2014	2015	5-Year Average
EVENT INCOME						
Direct Event Income						
Rental Income	515,120	579,881	484,825	394,075	428,743	480,529
Service Revenue	241,368	292,357	267,260	283,642	274,322	271,790
Service Expenses	(333,788)	(418,652)	(318,016)	(310,135)	(324,706)	(341,059)
Total Direct Event Income	422,700	453,586	434,069	367,582	378,359	411,259
Ancillary Income						
F&B Concessions	93,000	89,133	76,423	68,857	80,432	81,569
F&B Catering	104,684	173,429	141,492	181,026	125,191	145,164
Novelty Sales	11,310	7,182	10,621	1,820	4,482	7,083
Parking	83,059	126,220	114,576	76,647	101,686	100,438
Telephone	-	-	-	-	-	-
Electrical Services	34,689	42,856	36,862	35,650	31,436	36,299
Internet Services	-	-	-	-	-	-
Total Ancillary Income	326,742	438,820	379,974	364,000	343,227	370,553
Other Events Income						
Ticket Rebates	13,954	11,324	13,659	13,438	11,049	12,685
Facility Fees	35,531	32,160	27,316	30,350	27,058	30,483
Total Other Event Income	49,485	43,484	40,975	43,788	38,107	43,168
TOTAL EVENT INCOME	798,927	935,890	855,018	775,370	759,693	824,980
OTHER OPERATING INCOME						
Non-Event Parking	455,955	507,797	534,608	542,424	540,360	516,229
Advertising	25,000	4,000	8,850	5,243	-	8,619
Bank Interest	65	35	35	349	781	253
County funds for Capex	-	-	-	-	-	-
Misc	62,595	67,257	72,248	73,457	76,506	70,413
TOTAL OTHER OPERATING INCOME	543,615	579,089	615,741	621,473	617,647	595,513
ADJUSTED GROSS INCOME	1,342,542	1,514,979	1,470,759	1,396,843	1,377,340	1,420,493

Source: SMG, SeaGate Convention Centre

Appendix

SeaGate Convention Centre Annual Income Statement, 2011 to 2015 (cont.)

	2011	2012	2013	2014	2015	5-Year Average
INDIRECT EXPENSES						
Salaries and wages	738,940	755,252	771,532	804,656	774,459	768,968
Payroll taxes and benefits	228,084	235,050	206,087	214,285	230,451	222,791
Contracted Services	140,348	144,488	135,238	145,338	138,983	140,879
General and Admin	108,843	92,620	174,658	158,031	86,238	124,078
Operating	27,641	47,059	19,572	23,052	17,814	27,028
Repairs and Maintenance	80,591	120,669	117,875	134,391	126,204	115,946
Operating Supplies	34,593	51,257	39,289	34,296	28,789	37,645
Insurance	64,543	63,268	77,644	76,684	78,699	72,168
Utilities	303,089	346,600	295,835	287,850	283,571	303,389
Other	426	1,625	1,502	100	1,500	1,031
SMG Management Fees	79,499	118,568	128,927	129,877	124,919	116,358
Bad Debt	-	10,471	12,518	1,301	15,738	8,006
Total Indirect Expenses	1,806,597	1,986,927	1,980,677	2,009,861	1,907,365	1,938,285
NET OPERATING INCOME (LOSS)	(464,055)	(471,948)	(509,918)	(613,018)	(530,025)	(517,793)
NON-OPERATING REVENUE/EXPENSES						
Other non-operating income	453,331	175,809	107,144	411,596	110,315	251,639
Funds from Lucas County	550,000	1,551,323	1,009,123	803,240	1,380,806	1,058,898
Interest	(65,401)	(54,278)	(45,925)	(36,450)	(16,417)	(43,694)
Federal Taxes	(200)	(200)	-	-	-	(80)
Legal	-	-	-	-	(30,050)	(6,010)
Real Estate Tax	(47,023)	(35,501)	(38,644)	(35,322)	(96,466)	(50,591)
Gain/Loss on Sale of Assets	-	-	-	-	-	-
Depreciation & Amort.	(144,905)	(145,919)	(207,206)	(320,659)	(306,570)	(225,052)
Naming rights costs	(7,837)	(1,950)	-	-	-	(1,957)
Total Non-Operating Expenses	737,965	1,489,284	824,492	822,405	1,041,618	983,153
ADJ. NET INCOME/LOSS	273,910	1,017,336	314,574	209,387	511,593	465,360

Source: SMG, SeaGate Convention Centre

Appendix

SeaGate Convention Centre Operating Expenses, 2011 to 2015, in 2015 dollars

	2011	2012	2013	2014	2015	5-Year Average
<i>Reported</i>						
Payroll	739,000	755,000	772,000	805,000	774,000	769,000
O&M	1,068,000	1,232,000	1,209,000	1,205,000	1,133,000	1,169,400
Capital Expenditures	24,000	697,000	529,000	528,000	20,000	359,600
Total Operating Expenditures	1,831,000	2,684,000	2,510,000	2,538,000	1,927,000	2,298,000
<i>In 2015 dollars</i>						
Payroll	779,000	780,000	785,000	806,000	774,000	785,000
O&M	1,125,000	1,271,000	1,230,000	1,207,000	1,133,000	1,193,000
Capital Expenditures	25,000	720,000	538,000	529,000	20,000	366,000
Total Operating Expenditures	1,929,000	2,771,000	2,553,000	2,542,000	1,927,000	2,344,000

Source: SMG, SeaGate Convention Centre

Appendix

SeaGate Convention Centre Attendance and Income by Event Type, 2011-2015

<i>Type</i>	<i>Total Attendance</i>	<i>Total Operating Income</i>	<i>Total Events</i>	<i>Income per Event</i>	<i>Income per Attendee</i>	<i>Attendance per Event</i>	<i>5-Year Average Annual</i>
Meetings	15,000	\$141,000	144	\$1,000	\$9.34	100	3,000
Assembly	95,000	\$250,700	66	\$3,800	\$2.64	1,440	19,000
Concerts/Sporting/Entertain.	20,000	\$161,000	42	\$3,800	\$8.20	470	4,000
Other events	57,000	\$487,900	84	\$5,800	\$8.54	680	11,000
Banquets	36,000	\$391,300	65	\$6,000	\$10.96	550	7,000
Conventions	145,000	\$1,143,000	179	\$6,400	\$7.90	810	29,000
Trade Show	6,000	\$164,000	22	\$7,500	\$29.45	250	1,000
Consumer	251,000	\$1,386,000	119	\$11,600	\$5.52	2,110	50,000
Total/Average	624,000	\$4,124,900	721	\$5,700	\$6.61	870	125,000

Source: SMG, SeaGate Convention Centre

Appendix

SeaGate Convention Centre Capital Improvements, 2011-2016

<i>Description</i>	<i>Year</i>	<i>Investment</i>
Parking Garage Lighting Upgrade	2011	\$ 24,000
Roof replacement	2012	443,400
Exhibit Hall Lighting Upgrade	2012	52,000
Boom Lift	2012	25,000
Meeting Room Renovation	2012-13	98,926
Seating Repairs	2012-13	53,000
Phase I &2	2012-13	151,389
Wireless internet	2012	25,000
Chairs and Tables	2013	139,289
Marquee Video Board	2013	122,936
Building Management System	2013-14	86,600
Air Handler Units	2013-14	47,925
Bouiler pumps	2013-14	61,784
Micro-turbine	2013-14	33,800
Performance stage	2014	101,000
Drape Replacement	2014	20,000
New Boiler Installation	2014	250,112
Domestic Hot Water Heaters	2014	41,779
Chiller Pumps	2015	20,000
Concourse Flooring	2016	320,000
Total		\$ 2,117,940

Source: SMG/SeaGate

Appendix

Average Annual SeaGate Convention Centre Operating Expenses from 2011 to 2015, in 2015 dollars

<i>Expense Category</i>	<i>Five-Year Average</i>
Payroll	\$ 785,000
Operations and Maintenance (O&M)	1,193,000
Capital Expenditures	366,000
Total Operating Expenditures	\$ 2,344,000

Source: SMG, SeaGate Convention Centre

Appendix

RIMS-II Multipliers, Lucas County, Ohio

<i>Category</i>	<i>Output</i>	<i>Earnings</i>	<i>Jobs</i>
SeaGate Operations			
Performing arts, spectator sports, museums, etc.	1.77	0.47	14.58
Construction	1.67	0.39	8.87
Households	0.97	0.22	6.65
Visitor Spending			
Accommodations	1.58	0.37	13.96
Food Services and Drinking Places	1.70	0.43	20.36
General Retail	1.71	0.42	16.07
Amusements, Gambling, and Recreation	1.57	0.28	12.41
Local Transport	1.82	0.45	15.88

Source: U.S. Department of Commerce, Bureau of Economic Analysis, 2016

Appendix

Average Annual Economic Impacts of SeaGate Convention Centre Operations on Lucas County, 2011 to 2015, in 2015 dollars

	<i>Capital Expenditures</i>	<i>Operating Expenditures</i>	<i>Employee Compensation</i>	<i>Total</i>
Direct Spending	\$ 366,000	\$ 1,193,000	\$ 785,000	\$ 2,344,000
<i>Multipliers (see explanatory notes below)</i>				
Output	1.669	1.774	0.966	1.487
Earnings	0.391	0.466	0.224	0.373
Employment	8.871	14.582	6.654	11.035
<i>Added Economic Impact on Lucas County</i>				
Output	\$ 611,000	\$ 2,117,000	\$ 758,000	\$ 3,486,000
Earnings	\$ 143,000	\$ 555,000	\$ 176,000	\$ 874,000
Indirect Jobs Held by Lucas County Res	3	17	5	26
<i>Total Economic Impact on Lucas County</i>				
Output				\$ 5,830,000
Earnings				\$ 1,659,000
Direct Jobs Supported in Lucas County				25
Total Direct and Indirect Jobs				51

Output - Total dollar change in the county's economy due to expenditures for SeaGate operations

Earnings - Total dollar change in earnings of households in the county due to expenditures for SeaGate operations

Employment - Total change in the number of jobs held by county residents per \$1 million of direct spending for SeaGate operations

Appendix

Visitor Spending Profile for SeaGate Visitors

<i>Spending Category</i>	<i>Daytrip</i>		<i>Overnight</i>	
	<i>Spending</i>	<i>%</i>	<i>Spending</i>	<i>%</i>
Total	\$75	100.0%	\$225	100.0%
Accommodations	\$0	0.0%	\$100	44.4%
Food and Beverage	\$25	33.3%	\$45	20.0%
General Retail	\$15	20.0%	\$25	11.1%
Recreation	\$15	20.0%	\$25	11.1%
Gas	\$10	13.3%	\$10	4.4%
Transportation	\$10	13.3%	\$20	8.9%

Source: TourismOhio, Development Strategies

Appendix

SeaGate Average Annual Attendance by Event (2011-2015) and Overnight Visitor Assumptions

<i>Event Type</i>	<i>Average Attendance by Event</i>	<i>% by Event Type</i>	<i>% Overnight visitor (DS Estimate)</i>	<i>Est. Overnight Visitors</i>
Consumer/Trade Shows	51,000	41%	10%	5,000
Assembly	19,000	15%	10%	2,000
Conventions	29,000	23%	90%	26,000
Banquets	7,000	6%	5%	-
Meetings	3,000	2%	5%	-
Other events	16,000	13%	10%	2,000
Total Average Annual Attend.	125,000			35,000

Source: SMG/SeaGate, Development Strategies

Appendix

Assumptions for SeaGate Visitor Origin

<i>Visitor Category</i>	<i>%</i>	<i>Total</i>
Overnight	28%	35,000
Daytrip	72%	90,000
Lucas County Resident	36%	45,000
Non-Lucas County Resident	36%	45,000
Total Average SeaGate Visitors		125,000
Exhibitors (Overnight)¹		4,000

¹ Assumes a 20 to 1 attendee to exhibitor ratio for trade shows, conventions, and consumer shows

Assumptions for SeaGate Spending Profiles, Annual Average from 2011 to 2015, in 2015 dollars

<i>Visitor Category</i>	<i>Total Vistors</i>	<i>Average Daily Spending</i>	<i>Total Average Annual Spending</i>
Overnight Visitor Spending	25,000	\$225	\$5,625,000
Daytrip (non-local) Visitor Spending	59,000	\$75	\$4,425,000
Average Annual Visitors with Economic Impacts¹	84,000	\$120	\$10,050,000

¹ Includes spending from exhibitors at conferences, trade shows, and consumer shows

Appendix

Annual Average SeaGate Convention Centre Direct Visitor Spending, Lucas County, 2011-2015, in 2015 dollars

Sector	Overnight Visitors		Daytrip Visitors		Overall Breakdown	Total Visitor Spending
	Percent	Total	Percent	Total		
Accommodations	44%	\$ 2,500,000	0%	\$ -	25%	\$ 2,500,000
Food Services and Drinking Places	20%	1,125,000	33%	1,475,000	26%	2,600,000
Retail Trade	11%	625,000	20%	885,000	15%	1,510,000
Amusements, Gambling, and Recreation	11%	625,000	20%	885,000	15%	1,510,000
Gasoline	4%	250,000	13%	590,000	8%	840,000
Other Transportation	9%	500,000	13%	590,000	11%	1,090,000
Total	100%	\$ 5,625,000	100%	\$ 4,425,000	100%	\$ 10,050,000

Sources: TourismOhio, Development Strategies

Direct Jobs Supported in Lucas County by SeaGate Convention Centre Visitor Spending

Sector	Spending by SeaGate Visitors	% Payroll ¹	Total Wages	Average Annual Wage ²	Total Direct Jobs Supported
Accommodations	\$ 2,500,000	28.8%	\$ 721,000	\$ 16,400	44
Food Services and Drinking Places	2,600,000	29.5%	767,000	13,800	56
Retail Trade	1,510,000	9.4%	142,000	25,700	6
Amusements, Gambling, and Recreation	1,510,000	26.3%	397,000	21,200	19
Gasoline ³	840,000	39.3%	330,000	17,000	19
Ground Transportation	1,090,000	2.6%	28,000	24,200	1
Total	\$ 10,050,000	23.7%	\$ 2,385,000	\$ 16,500	144

¹ U.S. Bureau of the Census, 2012 Economic Census; Payroll listed as a percent of employer sales, shipments, receipts, revenue, or business done by industry sector for Lucas County

² Average wage data for Lucas County from Ohio Department of Job and Family Services, 2014

³ Data unavailable for Lucas County; therefore, percentage of payroll reflects the statewide average.

Appendix

Weighted Tourism Multipliers for Lucas County, SeaGate Visitors

<i>Sector</i>	<i>Percent</i>	<i>Output</i>	<i>Earnings</i>	<i>Jobs</i>
Accommodations	26%	1.58	0.37	13.96
Food Services and Drinking Places	25%	1.70	0.43	20.36
Retail Trade	15%	1.71	0.42	16.07
Amusements, Gambling, and Recreation	15%	1.57	0.28	12.41
Gasoline	8%	1.71	0.42	16.07
Transportation	11%	1.82	0.45	15.88
Weighted Visitor Spending Multipliers	100%	1.66	0.39	16.04

Source: U.S. Department of Commerce, Development Strategies

Appendix

Average Annual Economic Impacts of SeaGate Convention Centre Visitors on Lucas County, 2011 to 2015, in 2015 dollars

	<i>Tourism Spending*</i>	<i>Direct Wages Supported</i>	<i>Total</i>
Direct Spending	\$ 7,660,000	\$ 2,390,000	\$ 10,050,000
<i>Multipliers (see explanatory notes below)</i>			
Output	1.666	0.966	1.500
Earnings	0.391	0.224	0.351
Employment	16.085	6.654	13.843
<i>Added Economic Impact on Lucas County</i>			
Output	\$ 12,765,000	\$ 2,308,000	\$ 15,073,000
Earnings	\$ 2,995,000	\$ 535,600	\$ 3,530,600
Indirect Jobs Held by Lucas County Residents	123	16	139
<i>Total Economic Impact on Lucas County</i>			
Output			\$ 25,123,000
Earnings			\$ 5,920,600
Direct Jobs Supported in Lucas County			144
Total Direct and Indirect Jobs			283

Output - Total dollar change in the county's economy due to spending by SeaGate visitors

Earnings - Total dollar change in earnings of households in the county due to spending by SeaGate visitors

Employment - Total change in the number of jobs held by county residents per \$1 million of direct spending by SeaGate visitors

* *Weighted "tourism multiplier" derived by Development Strategies based on average spending in each of the tourism-related multipliers identified previously. See Appendix for derivation of multipliers.*

Appendix

Average Annual Economic Impacts of SeaGate Operations and Visitor Spending on Lucas County, 2011-2015, in 2015 dollars

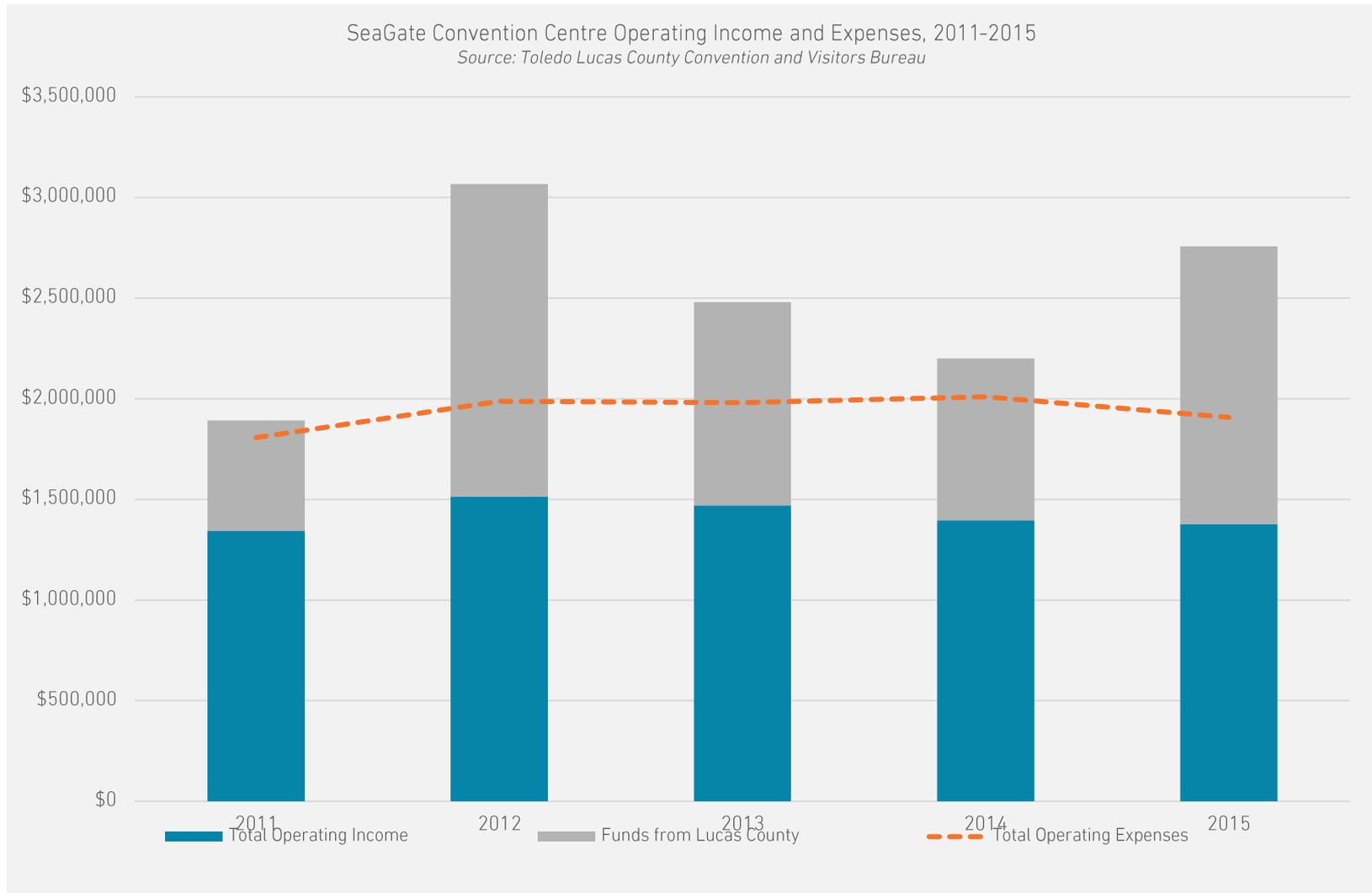
	<i>SeaGate Operations</i>	<i>SeaGate Visitor Spending</i>	<i>Total</i>
<i>Total Direct Spending</i>			
Total	\$ 2,344,000	\$ 10,050,000	\$ 12,394,000
Operations (Non-Labor)	\$ 1,193,000	\$ 7,660,000	\$ 8,853,000
Wages	\$ 785,000	\$ 2,390,000	\$ 3,175,000
Capital Expenditures	\$ 366,000	N/A	\$ 366,000
<i>Indirect Economic Impacts</i>			
Output	\$ 3,486,000	\$ 15,073,000	\$ 18,559,000
Earnings	\$ 874,000	\$ 3,530,600	\$ 4,404,600
Jobs	30	140	170
<i>Total Direct and Indirect Impacts</i>			
Output	\$ 5,830,000	\$ 25,123,000	\$ 30,953,000
Earnings	\$ 1,659,000	\$ 5,920,600	\$ 7,579,600
Jobs	50	280	330

Appendix

Average Annual Fiscal Impacts from SeaGate Operations and Visitor Spending, 2011-2015, in 2015 dollars

	<i>Direct and Indirect Spending</i>	<i>Sales Tax Revenue</i>	<i>Hotel Tax Revenue</i>	<i>Total</i>
<i>Fiscal Impacts from Visitor Spending</i>				
Direct Visitor Spending	\$ 10,050,000	\$ 83,000	\$ 175,000	\$ 258,000
Impacts from Direct Wages	2,390,000	11,000		11,000
Impacts from Indirect Earnings	3,530,600	16,000		16,000
<i>Fiscal Impacts from SeaGate Operations</i>				
Impacts from Direct SeaGate Wages	785,000	4,000		4,000
Impacts from Indirect Earnings	874,000	4,000		4,000
Total Fiscal Impact on Lucas County	-	\$ 118,000	\$ 175,000	\$ 293,000

SeaGate Operations Overview



Minor League Markets: Convention Facilities

	Total Square Footage	Exhibition Hall Space	Ballroom Space	Annual Attendance	Attendance Per SF
SeaGate Center	92,000	75,000	N/A	125,000	1.36
Century Center South Bend, IN	75,000	41,000	12,000	185,000	2.46
John S. Knight Center Akron, OH	123,000	29,000	12,000	390,000	3.17
Dayton Convention Center Dayton, OH	150,000	68,000	N/A	170,000	1.13
Grand Wayne Convention Center Fort Wayne, IN	225,000	48,500	16,000	220,000	0.97
Devos Place Grand Rapids, MI	234,000	162,000	40,000	590,000	2.52

Visitor Spending Overview

Key data points for evaluating visitor impacts

- Total visitors
- Length of Stay
- Overnight vs. Daytrip
- Average Daily Spending
- Average Daily Spending by Category
- Location of Spending (in region)

What we know about SeaGate Attendance

- Total attendance annually
- Total attendance by event type
- General room night patterns for conventions

What we don't know about SeaGate Attendance

- Visitor origin
- Length of stay

Downtown Retail Demand Estimates



SPORTS FACILITIES



CURRENT DEMAND

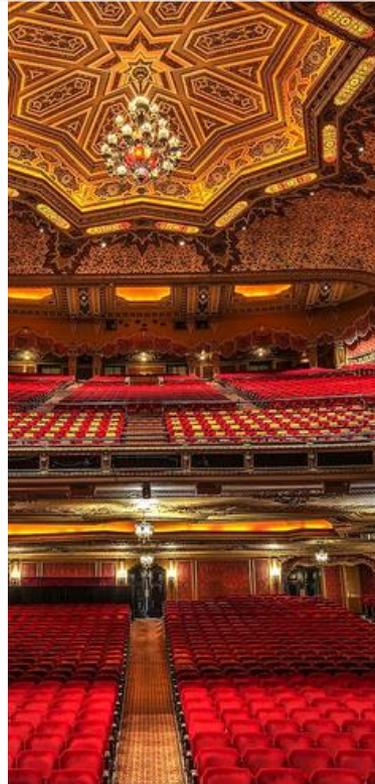
53,000 SQ.FT.

CONVENTION & DESTINATIONS



Conventions
22,000 SQ.FT | Destinations
230,000 SQ.FT

CULTURAL



28,000 SQ.FT.

WORKERS



98,000 SQ.FT.

RESIDENTS



263,000 SQ.FT.

Downtown Master Plan: Projections



CONVENTION & DESTINATIONS



PROJECTED ATTENDANCE



80 more
hotel rooms



80,000 more
convention attendees

PROJECTED DEMAND

14,000 sq.ft.

WORKERS



4,000 more
workers

20,000 sq.ft.

RESIDENTS



1,500 more
households

(\$13,500 annual/p)

67,500 sq.ft.