

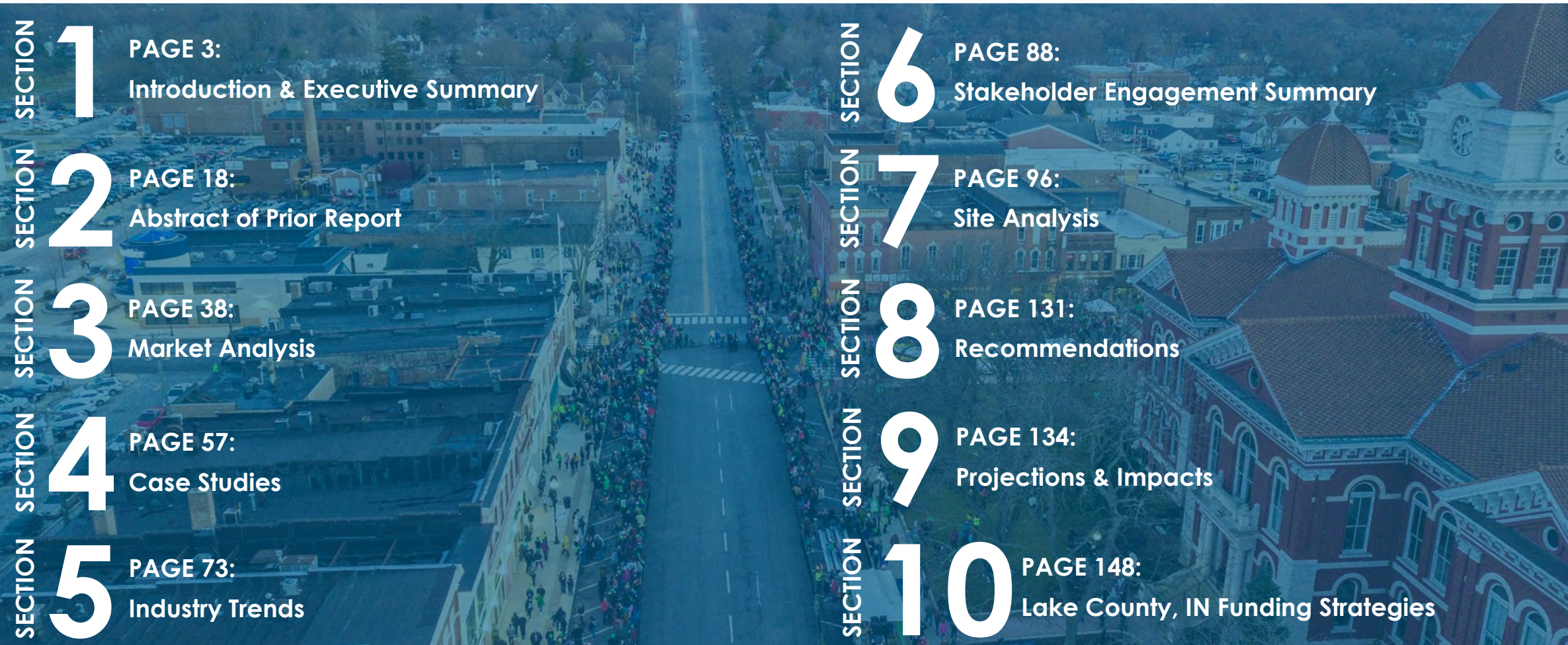
Lake County, IN Convention Center Market Study Update

March, 2024



JOHNSON
CONSULTING

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An aerial photograph of a suburban neighborhood, featuring a large, winding pond in the center. The houses are densely packed, and the area is surrounded by greenery. The entire image is overlaid with a semi-transparent blue filter. A white vertical line is positioned to the left of the main text.

1. Introduction & Executive Summary

Transmittal Letter

Re: Convention Center Market Study Update

Dear Ms. Ziller,

C.H. Johnson Consulting, Inc. in association with the Winston/Terrell Group (the “Consulting Team”) is pleased to submit this report to you regarding the feasibility of a convention center in Lake County, IN. Pursuant to our engagement, this report fulfills the scope of work outlined in the project proposal submitted by Johnson Consulting to the Northwest Indiana Regional Development Authority (the “Client” or “RDA”) on November 6th, 2023.

Johnson Consulting has no responsibility to update this report for events, plan modifications, and circumstances occurring after the date of this report. As the ongoing impacts of the global COVID-19 pandemic impact is still uncertain, our report outlines our assumptions based on experience from previous economic disruptions, but the actual impact will not be known for the foreseeable future. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between projected results and actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the Client’s internal use and cannot be used for project underwriting purposes without Johnson Consulting’s written consent.

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

Sincerely,

DRAFT

C.H. Johnson Consulting, Inc.

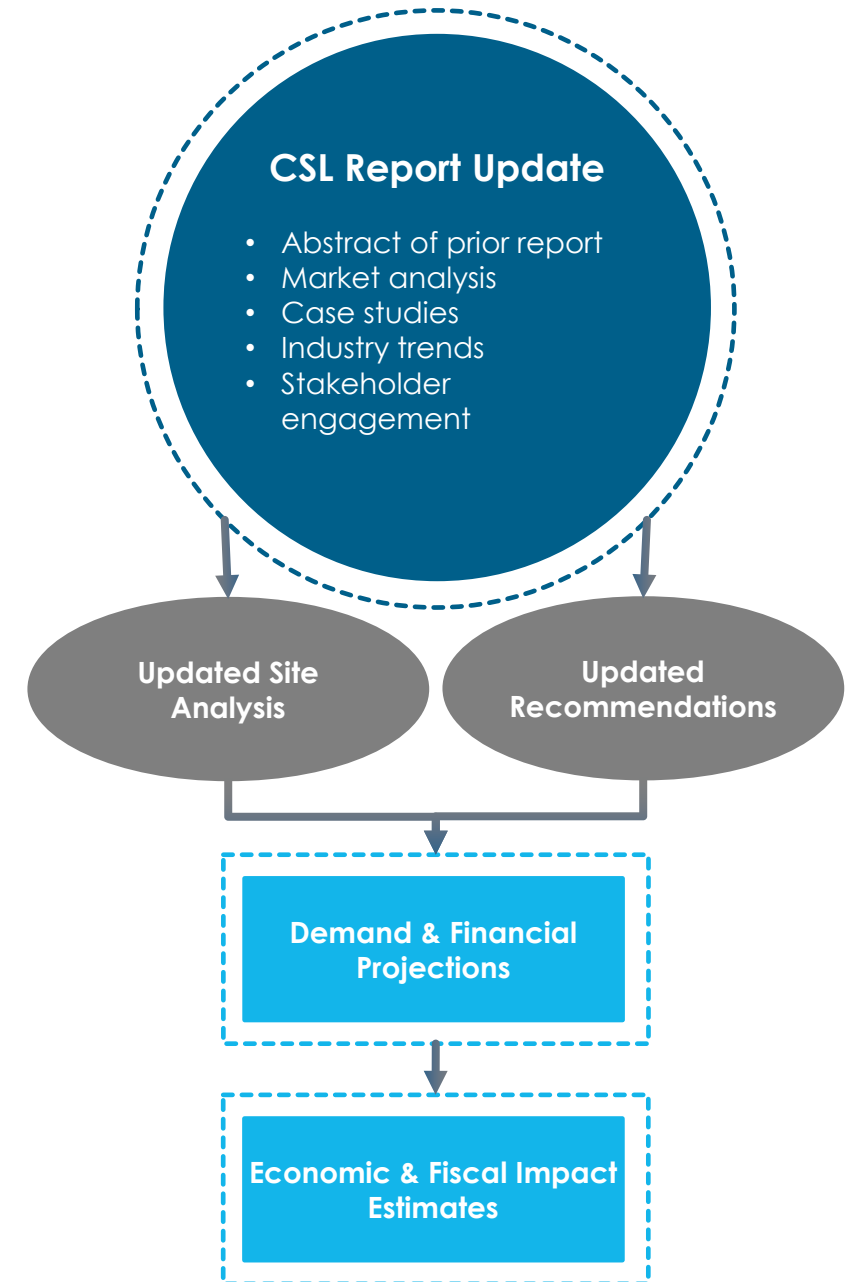
Study Introduction & Methodology

The Consulting Team was retained by the RDA to update the *Feasibility Analysis of a Potential Convention Center in Lake County, Indiana* published in 2018 by Conventions, Sports, & Leisure (the “CSL Report”).

The study will entail an updated Market Validation and Financial Feasibility Study. Our procedures will test analyses prepared to date, benchmark the proposed Convention Center to other projects, and provide independent analysis and opinions on the achievability of results, among other activities outlined in the RFP to address the following key questions:

- Does the market demand justify the establishment of a convention center in Northwestern Indiana?
- What economic impact would the convention center would have on Northwestern Indiana and surrounding areas?
- What location or locations in Lake County, Indiana would be best suited for establishing the convention center and what facility characteristics or components, e.g. size, design, food/ beverage offerings, and supporting facilities, are necessary to best position the convention center for financial and operational success?

In order to answer the questions above, the Consulting Team developed and executed a comprehensive methodology for the study, which is illustrated by the figure on the right. The observations, analysis, and conclusions of the study will be presented throughout the remaining sections of this report.

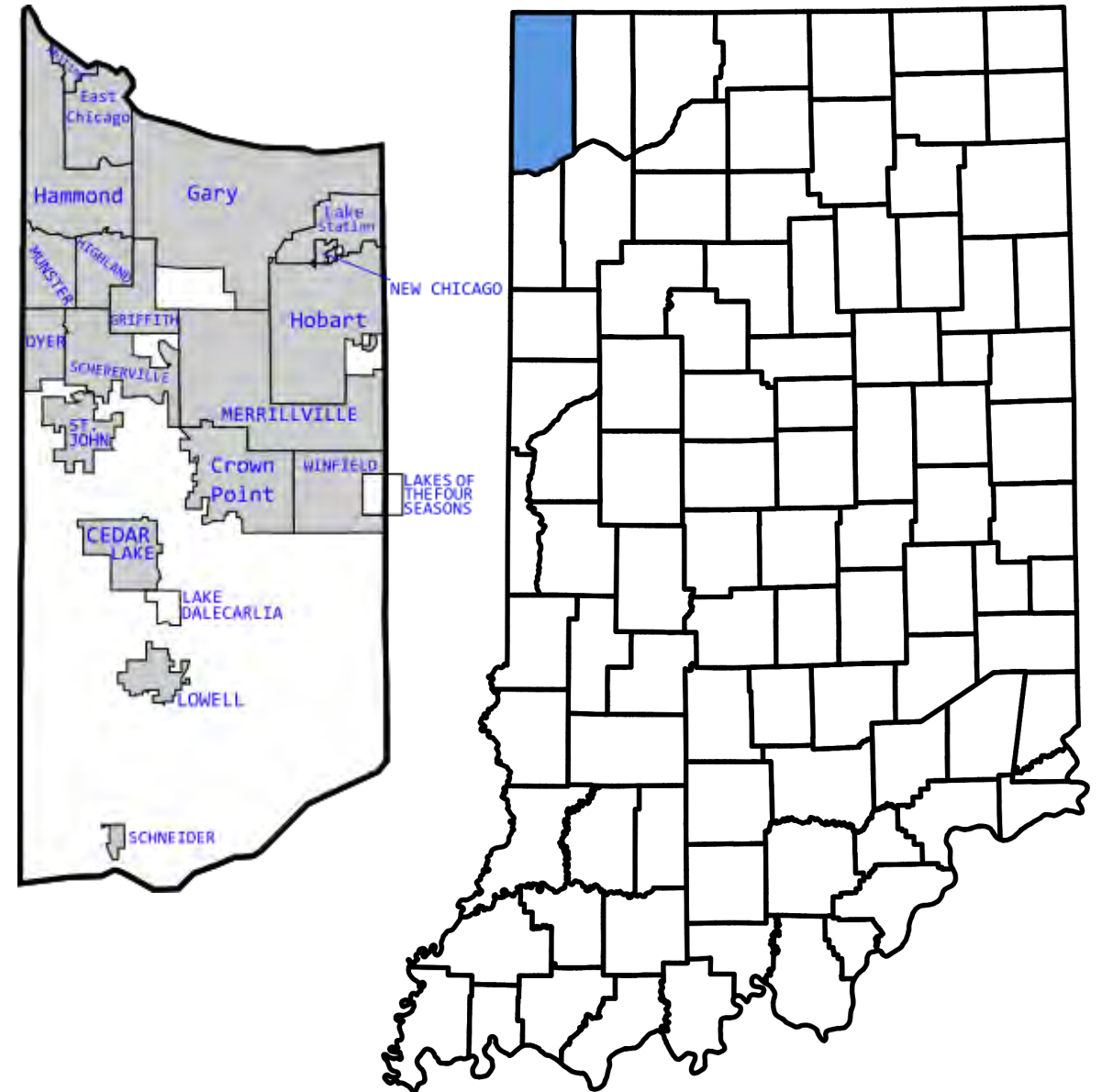


Project Overview

Lake County is located in northwest Indiana, bordering Illinois and Lake Michigan. It is part of the Chicago metropolitan area and its county seat is Crown Point. Historically, Lake County has been a significant industrial hub, with industries such as steel production playing a prominent role. However, like many Rust Belt areas, the economy has diversified over the years. Today, the county's economy includes manufacturing, healthcare, education, retail, and service sectors.

As Lake County continues to diversify its economy, it has begun to look towards tourism as a means of economic development. However, the County's primary space for non-local events, the Radisson Star Plaza conference center, closed in 2016, leaving a gap in the local hospitality market that has yet to be filled. To help fill this gap, the State of Indiana has enacted legislation which would provide up to \$5 million per year of matching funds for the construction of a new convention center.

The Northwest Indiana RDA has been entrusted with leading the process of updating the CSL Report – the directive of this study – and assessing the supportability of a new convention center. Following this study's publication, the Lake County Board of Commissioners will receive proposals from potential developers and partners throughout the county. This study will help guide the Board as it evaluates those proposals.



Executive Summary

Introduction & Abstract of Prior Report

The Consulting Team was retained by the RDA to update the *Feasibility Analysis of a Potential Convention Center in Lake County, Indiana* published in 2018 by Conventions, Sports, & Leisure (the “CSL Report”). The study process for the CSL Report took place over the course of several months and was broken into two primary phases, detailed below:

Phase 1: Analysis of Market Demand

1. Site visit, tours, meetings
2. Local market conditions
3. Competition analysis
4. Comparable analysis
5. Industry characteristics and trends
6. Potential user telephone surveys
7. Indicated building program

Phase 2: Analysis of Site, Cost/Benefit, & Funding:

1. Program refinement and development options
2. Event/use levels analysis
3. Site/location analysis
4. Preliminary construction cost and financial operations analysis
5. Economic impact analysis
6. Funding analysis
7. Preparation of report

This new report reviews the CSL Report’s findings and, where appropriate, updates them to account for changes within the regional market since that initial report’s publication.

Executive Summary

Market Analysis

- Lake County, which is located in the northwest corner of the State of Indiana and is part of the Chicago metro area, has numerous strengths. These include Growing median household incomes, a large inventory of hotel rooms, numerous transportation options, and access to large regional population and economic base. However, it also has some weaknesses and challenges, including relatively high unemployment, lower entertainment and recreation spending, an undersupply of full-service hotel inventory, and a lack of local tourist attractions.
- The loss of the Radisson Star Plaza's event space has not only left Lake County without adequate facilities to host meetings and conferences, it has also deprived the local hospitality industry of the traffic those events provided. When the Radisson closed, its 350+ annual events and \$6 million in events revenue essentially evaporated from the county, with most non-local events (e.g., state association meetings, regional conferences) going to other communities. A new convention center would have the opportunity to recapture much of this demand, and also add larger cultural events, conventions, and trade shows.
- Lake County, in addition to its deficit of dedicated event facilities, lacks hotels with significant meeting space. This limits the demand for those hotels, as well as for Lake County as a whole, which is less equipped to tap into smaller conferences, weddings, banquets, galas, and other typical hotel-hosted events. Incentivizing hotels, as well as casinos, to have event space would lift up Lake County's hospitality industry as a whole, helping provide a stronger destination amenity base for a new convention center.
- It will be important to be broad in defining the demand layers for a new convention center – fairgrounds-type events, social events, consumer shows, and other categories beyond the traditional trade shows and conventions can be key parts of a convention center's calendar. Additionally, collaboration between Lake County's various assets, including educational institutions, businesses, the SSCVA, and economic development organizations will be helpful for hosting events that one body alone wouldn't be able to secure.
- The benefits of a convention center in Lake County go beyond the county itself, extending to Northwest Indiana and even the State as a whole. The State of Indiana has been very successful in its operation of the Indiana Convention Center, and should be a critical partner in this project, both financially and from an advisory/stewardship perspective.

Executive Summary

Case Studies

- In updating the CSL Study, the Consulting Team performed a case study analysis of several convention centers which compare closely with conditions in Lake County or with the program recommended by CSL. We looked at five comparable facilities and markets: The Overland Park Convention Center in Overland Park, KS (OPCC); Foxwoods Resort Casino in Ledyard, CT (FRC); Gas South Convention Center in Duluth, GA (GSCC); The Grand Experience Conference Center in West Des Moines, IA (GECC); and St. Charles Convention Center in St. Charles, MO (SCCC).
- These case studies provide various examples of how a mid-size convention center in Lake County can be successful. One model is built around quality. The OPCC and SCCC are able to charge higher rates than much of the market and still remain busy because of their exemplary facilities and service, despite their lack of supporting amenities.
- Another model is built around supporting amenities. The GSCC and GECC are both located in areas which provide numerous amenities – including retail, dining, entertainment, and lodging – within a short walk. This is extremely important to meeting planners, who place a high value on the experience that attendees have outside of the event, in addition to at the event itself. Both of these facilities, despite being in a generally car-centric area, achieve walkability via locations in fairly insulated, master planned entertainment districts. This strategy of locating a convention center within a larger mixed-use campus, is perhaps particularly relevant for Lake County, given its own car-centric nature. Additionally, the sports concentration in Lake County appears to be an opportunity for this convention center, as the GECC demonstrates the potential synergies between the two.
- The FRC demonstrates the synergies between a convention center and a casino. The Foxwoods Casino's concentration of entertainment, lodging, dining, and retail helps check many of the boxes that meeting planners look for, suggesting that there is an opportunity for the contemplated convention center in Lake County to take advantage of the local casinos, which serve as one of the County's most significant tourism assets.

Executive Summary

Industry Trends

- The COVID-19 pandemic had a profoundly negative impact on the global events industry. Between 2019 and 2020, net square feet exhibited, total revenue, number of exhibitors, and number of attendees all fell by more than 75 percent and have yet to recover to pre-pandemic levels. However, unlike the recession following the 2008 economic crash, year-over-year growth coming out of the pandemic has been robust, with the industry projected to exceed previous levels by 2024.
- As a result, event planners and other industry are looking to the future and evaluating how the events industry will be different going forward. Though the health concerns and impacts of COVID-19 have been reduced over time, the pandemic's many legacies remain prevalent within the industry. Concerns around inflation and supply chains, travel and budget policy restrictions, fears of a looming recession, and labor shortages are front-of-mind for event planners, while attendees are increasingly expecting events with more indoor and outdoor space, greater flexibility, and further integration of technology.
- However, some components of high-quality event facilities have stayed consistent: Accessibility, flexibility, and high-quality food & beverage offerings are important to event planners now, just as they were before the COVID-19 pandemic. It will be critical to carefully consider these trends while planning the contemplated Lake County Convention Center to ensure that the facility is well-equipped to compete in a rapidly changing event space landscape.

Executive Summary

Stakeholder Engagement

- The CSL Report's development process included extensive stakeholder engagement, with a set of survey questions administered to 94 local stakeholders, 19 corporate/ independent meeting planners, and 100 state/ regional event planners. Given the comprehensive nature of the CSL Report's engagement process, the constraints imposed by this updated study's condensed timeline, and the significant shift in the events industry caused by the COVID-19 pandemic, this updated report is focused on identifying factors that have shifted within the market since the CSL Report's publication, based on a series of interviews and workshops conducted by the Consulting Team with key stakeholders.
- Local stakeholders were generally in favor of the proposed convention center, with many seeing it as needed to meet local demand and bolster the local hospitality market. There was also strong interest from meeting planners, though most of this came from the Chicago market, given the Indianapolis-centric nature of the Indiana market. The sub-sample of respondents who had previously used the Radisson Star Plaza conference center showed the strongest interest in the proposed convention center.
- Lake County's casinos represent a strong opportunity for a walkable convention center complex. This sort of walkability and density doesn't exist in many places within the county. The new Hard Rock Casino is the most significant change to Lake County's tourism landscape since the COVID-19 pandemic. Between it, the new Bally's Casino in downtown Chicago, and the Wind Creek Casino in Homewood, IL (expected to open in 2025), the regional gaming landscape has become significantly more competitive in recent years. This may mean that some of the lower-performing or older facilities shake out of the market, though it also suggests that some casino properties may be interested in adding events space to differentiate themselves within the market.
- Sports tourism is also an important part of Lake County's tourism landscape and could be an opportunity for the new convention center, though there is risk of cannibalizing demand if a new facility is built that targets the same market as existing facilities. As of this report's publication, there is an ongoing study of sports tourism opportunities within Lake County. If a need for more indoor sports tournament space is identified, it could pair naturally with a new convention center.
- Lake County continues to grow, attracting residents from northeast Illinois who are interested in its lower taxes and cost of living. This same price advantage could be used to attract events from the Chicago market which don't want to pay that market's prices.

Executive Summary

Site Analysis

- The CSL Report examined nine sites. This report examines five additional sites which were submitted to the RDA in response to the Call for Sites document issued in January, 2024. Building on the work done in the CSL Report, this updated report provides a two-part evaluation process for the 14 sites under consideration. The first part is a high-level qualitative profile of each of the sites, incorporating work from the CSL Report where appropriate, while the second is a quantitative comparison generated by the Consulting Team using Johnson Consulting's proprietary Site Ranking Matrix. The following criteria were used for this evaluation:

Marketing Considerations

- Proximity to headquarters hotel
- Concentration of hotel properties
- Hotels within shuttle distance
- Adjacent land use compatibility
- Character / aesthetics
- Proximity to retail & restaurants
- Proximity to tourist attractions / entertainment
- Knowledge of / familiarity with location
- Proximity to airport

Project Development Considerations

- Exhibit hall on one level
- Ability to construct meeting space
- Ability to construct surface parking
- Ability to construct structured parking
- Opportunities for future expansion
- Opportunities for adjacent development

Finance and Operations

- Capital/infrastructure support from local community

Site Access

- Truck
- Pedestrian
- Taxi, bus, and auto access
- Public transportation
- Overflow parking

Site Development Costs

- Site acquisition cost
- Demolition & site preparation
- Construction complexity/ soil suitability

Executive Summary

Site Analysis

- In addition to individual profiles, the 14 sites have been evaluated based on 24 variables. Each variable is assigned a weight of 1 (“minor”), 2 (“important”), or 3 (“critical”). Each site is given a base score of 3 (“good”), 2 (“neutral”), or 1 (“concern”) for each variable. The base scores are then multiplied by their respective weights, and the products – the weighted scores – are summed for each site to generate the “Weighted Site Score” shown in the matrix’s bottom row. Note that, for visual clarity, weighted scores for each individual variable are not displayed in the matrix.
- This methodology results in a lowest possible score of 53 and a highest possible score of 159. In this case, the Weighted Site Scores ranged from a low of 88 to a high of 137. The following five sites, highlighted in the table on the right, scored the highest:
 - Site I – Patriot Park (formerly Hobart Silverstone) – 7800 Mississippi St, Hobart
 - Site N – Hard Rock Casino – 5800 W 29th Ave, Gary
 - Site E – Century Mall – 3102 177th St #50, Hammond
 - Site F – I-65 & US30 (formerly Radisson/ Star Plaza) – 800 E 81st Ave, Merrillville
 - Site B – Kennedy Avenue & I-94 – 3102 177th St #50, Hammond

Northwest Indiana Convention Center Site Ranking Matrix - Top 5 Sites						
Criteria	Priority Weight	Site B	Site E	Site F	Site I	Site N
		Kennedy Avenue & I-94	Century Mall	I-65 & US30	Patriot Park	Hard Rock Casino
		Hammond	Merrillville	Merrillville	Hobart	Gary
Marketing Considerations						
Proximity to headquarters hotel	Critical - 3	1	1	1	1	1
Concentration of hotel properties	Important - 2	3	2	2	2	1
Hotels within shuttle distance	Important - 2	3	3	3	3	1
Adjacent land use compatibility	Important - 2	3	2	1	3	2
Character / aesthetics	Important - 2	2	1	1	3	1
Proximity to retail & restaurants	Important - 2	3	3	2	3	3
Proximity to tourist attractions / entertainment	Important - 2	2	1	1	3	3
Knowledge of / familiarity with location	Important - 2	2	3	3	2	3
Proximity to airport	Minor - 1	2	1	1	2	2
Project Development Considerations						
Exhibit hall on one level	Critical - 3	3	3	3	3	3
Ability to construct meeting space	Critical - 3	3	3	3	3	3
Ability to construct surface parking	Important - 2	3	3	3	3	3
Ability to construct structured parking	Important - 2	2	3	3	3	3
Opportunities for future expansion	Important - 2	2	3	3	3	3
Opportunities for adjacent development	Critical - 3	1	3	3	3	3
Site Access						
Truck	Critical - 3	1	3	3	3	3
Pedestrian	Important - 2	2	1	1	2	1
Taxi, bus, and auto access	Important - 2	2	3	3	3	3
Public transportation	Important - 2	1	1	1	1	1
Overflow parking	Minor - 1	2	3	3	3	3
Site Development Costs						
Site acquisition cost	Critical - 3	3	1	1	2	2
Demolition & site preparation	Important - 2	1	1	3	3	1
Construction complexity/ soil suitability	Important - 2	1	3	3	2	3
Finance and Operations						
Capital/infrastructure support from local community*	Critical - 3	3	3	3	3	3
Weighted Site Score		113	121	121	137	123

*Note that this is based on preliminary conversations and information about community support, and will be developed further in future project phases

Source: Johnson Consulting

Executive Summary

Recommendations

- In general, the Consulting Team concurs with the CSL Report's findings and recommended program, with a couple of changes. Ballroom space has been adjusted from 17,000 to 18,000 square feet and breakout meeting space from 13,000 square feet to 15,000 square feet. This brings the space ratio closer to a 1:1 of ballroom + meeting : exhibit space, which is considered ideal for flexibility. It would also help the facility capture more local meetings and social events such as weddings, banquets, galas, and parties.
- Consideration could be given to phasing the development of the convention center by building part of it with a plan to expand it as the market grows, and any site selected must allow for expansion and be associated with an existing or future dynamic area of the County. However, the high cost of capital makes this an expensive option in the long run. Furthermore, the facility should not open with less than 30,000 square feet of contiguous space, as this would prevent it from accessing much of the market.
- The results of the ongoing sports complex study should be monitored carefully as a new indoor sports complex could significantly cut into the market for a new convention center, while combining the two facilities would present some intriguing synergies.
- The new facility should clearly communicate Lake County's brand as a business-friendly hub of commerce, innovation, and entertainment within the broader Chicago region, and support the County and State's economic development goals. These ends can be achieved via the facility's demand strategy, physical orientation, and location, among other factors.

Proposed Lake County Convention Center Facility Program

	SF
Exhibit Hall	40,000
Ballroom	18,000
Meeting Rooms	15,000
Total Function Space	73,000
Total Gross Area	145,000

*Source: Northwest Indiana Regional Development Authority,
Johnson Consulting*

Executive Summary

Demand Projections

- Though the Consulting Team generally concurs with CSL's demand projections, we have reduced the number of stabilized (Year 5) events slightly, cutting two conventions/ trade shows, two conferences, and four amateur sports/ recreation events. The former two categories have been reduced due to the overall hit to the events industry caused by the COVID-19 pandemic, particularly for business-focused events, while the latter has been reduced to account for the increasing competition within the local and regional sports tourism market.

Proposed Lake County Convention Center Comparison of Demand Projections

	CSL Projections	CHJC Projections
	Year 5 2031	Year 5 2031
Event Demand		
Conventions/ Trade Shows (w/ exhibits)	14	12
Conferences	20	18
Amateur Sports/ Recreation	12	8
Public/ Consumer Shows	10	10
Meetings	150	150
Banquets/ Receptions	55	55
Miscellaneous/ Other	12	12
Total	273	265

Source: CSL, Johnson Consulting



Executive Summary

Financial Projections

- The table to the right summarizes the projected operating statement for Year 5 of operation of the proposed new Lake County convention center, relative to the same year's projections from the CSL Report (inflated). Revenues include all revenues that can be used for operations. All revenues and expenses have been inflated at an annual rate of 3 percent.
- Our projections reflect adjustments to the original projections in the CSL Report. The adjustments were driven by conversations with the sales director at the former Radisson Star Plaza conference center. These conversations indicated that the numbers in the CSL Report, both on the revenue and expense side, were too low and not reflective of the state of the market. For example, the Radisson Conference Center generated around \$6 million annually between room rental and F&B, and that was in 2016 and a with much smaller building. We believe the figures in our projections are still conservative and speak to the lack of competition in the Northwest Indiana market.
- As shown, in Year 5, operating revenues and expenses are projected to amount to \$7.9 million and \$7.85 million, respectively, with the facility posting a slight NOI of \$52,000. Though it is uncommon for publicly owned convention centers to profit, the fact that the Radisson Star Plaza was able to achieve profit from its event space, in tandem with the lack of competition in the market, indicates that, with a revenue-driven operations strategy, these projections are achievable.
- Note also that we have included a line item for capital reserves, set at 3 percent of total annual revenues. It is crucial for facilities such as this to have dedicated capital funds to perform ongoing projects and keep things up to date. If these capital funds need to be requested as part of an annual budget process, there is significant risk of the facility falling behind on maintenance and losing its competitive edge in a market which prizes quality.

Proposed Lake County Convention Center Comparison of Financial Projections (\$000, Inflated)

	CSL Projections*	CHJC Projections
	Year 5 2031	Year 5 2031
Operating Revenues		
Space Rental	\$1,149	\$3,354
Food Service (Gross)	2,954**	3,550
Reimbursable Expenses and Other	739	1,006
Parking	na	0
Total	\$4,842	\$7,911
Operating Expenses		
Salaries and Benefits	\$1,681	\$2,644
F&B Cost of Goods Sold	2,068**	2,485
Contract Labor	234	552
Utilities	470	671
Repair and Maintenance	112	157
General and Administrative	372	464
Supplies	86	127
Insurance	74	111
Marketing	na	184
Management Fee	300	307
Other	99	157
Total	\$5,496	\$7,859
Net Operating Income (Deficit)	(\$654)	\$52
Capital Reserves	na	\$237
NOI(D) after Reserve for Replacement	(\$654)	(\$186)

*Adjusted from the original CSL's uninflated projections to 2031 dollars.

**Adjusted from the original net projections, using the same Cost of Goods Sold ratio.

Source: CSL, Johnson Consulting

Executive Summary

Economic & Fiscal Impacts

- As shown in the table on the right, the construction of the proposed facility is estimated to generate approximately 911 construction jobs, \$43.2 million in total economic impact, \$14.7 million in increased earnings, 601 additional jobs in the economy, and \$3.7 million in tax revenues from sales tax, innkeeper's tax, and income tax.
- The table also summarizes the estimated activity and spending volume at the proposed Lake County convention center and the resulting economic and fiscal impact in Year 5. As shown, the proposed facility is estimated to annually generate approximately \$63.8 million in total economic impact, \$21.8 million in increased earnings, 722 jobs, and \$3.5 million in tax revenues.

Proposed Lake County Convention Center Summary of Impacts

	One-Time Impact of Construction	Annual Impact of Facility Operations
Economic Impact		
Direct Spending	\$26,084,250	\$38,555,765
Indirect & Induced Spending	\$17,108,543	\$25,288,554
Total Spending	\$43,192,793	\$63,844,318
Increased Earnings	\$14,716,528	\$21,752,859
Employment (in FTE Jobs)	601	722
Fiscal Impact		
State Sales Tax	\$3,023,000	\$2,698,904
County Innkeeper's Tax (CIT)	\$0	\$457,925
Local Income Tax (LIT) (County)	\$698,959	\$365,956
Total	\$3,721,959	\$3,522,785

Source: IMPLAN, Johnson Consulting

An aerial photograph of a suburban neighborhood, featuring a large, winding pond in the center. The houses are densely packed, and the overall scene is overlaid with a semi-transparent blue filter. The sky is filled with soft, wispy clouds, suggesting a dawn or dusk setting. The text '2. Abstract of Prior Report' is prominently displayed in white, bold font across the middle of the image, with a vertical white line to its left.

2. Abstract of Prior Report

Introduction

In 2018, Conventions, Sports, & Leisure International (CSL) published a report titled *Feasibility Analysis of a Potential Convention Center in Lake County, Indiana* (the “CSL Report”). This study took place over the course of several months and was broken into two primary phases, detailed below:

Phase 1: Analysis of Market Demand

1. Site visit, tours, meetings
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7. Preparation of report

In order to set the stage for Johnson Consulting and the Winston-Terrell Group’s update of the CSL Report, this section provides an abstract of its process and findings and notes the components that will be updated in this new report.



Local & Regional Analysis

Process

The CSL Report performed a comprehensive analysis of the local and regional market, approaching it from several perspectives:

Key Market Demographics

The CSL Report analyzed various demographic and economic indicators for Lake County, various municipalities within the County, the 30-, 90-, and 180-minute drive time catchments from the County, major markets within that 180-minute drive time catchment, the State of Indiana, and the U.S. as a whole. Indicators considered include:

- Population, population distribution, and population growth
- Household income and household income growth
- Median age
- Businesses, employees, and retail sales

Largest Area Employers


The CSL Report inventoried Lake County's largest employers and the industries with the most employees. The goal was to profile the County's economy and identify any corporate or business clusters that could serve as a source of demand for the proposed convention center.

2. LOCAL & REGIONAL: Key Market Demographics

The exhibit below illustrates the location of Lake County and its proximity to nearby markets. Additionally, the exhibit demonstrates the markets and land area captured within 30-, 90- and 180-minute estimated driving distances from the former Star Plaza Theatre site in Merrillville (this site was selected due to its central location within the County). These distances will be utilized throughout the report for analyzing and comparing demographic and socioeconomic variables.

Neighboring the northeast portion of Illinois, much of Lake County is less than an hour's drive away from downtown Chicago. The County is located at the confluence of three major interstates (65, 90 and 94) and less than three hours away from major population centers such as Detroit to the east, Indianapolis to the south, Milwaukee to the north and St. Louis to the west.

As shown, the estimated 2018 population within a 30-minute drive of the former Star Plaza Theatre site is approximately 707,000, which is an estimated 4.6 percent increase over the 2000 population within that radius. This increase, as well as the population growth in markets captured by 90- and 180-minute radii, is less than the estimated 11.0 percent increase throughout the state of Indiana and the 16.4 percent increase throughout the U.S.



Market	Distance from Lake County	Drive Time	Market Population	Demographic Variable	Lake County				State of Indiana		U.S.
					30-minute	90-minute	180-minute	Population [2000]	Population [2018]	% Change [2000-2018]	Population [2000]
Chicago, IL	42 mi.	0:50	9,557,000	Population [2000]	484,564	676,994	0,100,025	19,206,852	6,080,485	281,421,906	16.4%
South Bend, IN	71 mi.	1:15	320,100	Population [2018 est.]	496,005	701,821	8,223,198	20,092,955	6,480,802	308,745,508	11.0%
Indianapolis, IN	142 mi.	2:10	1,988,800	Population [2018 est.]	495,069	707,224	8,411,350	20,641,723	6,746,659	327,514,334	16.4%
Milwaukee, WI	140 mi.	2:10	1,575,800	% Change [2000-2018]	2.2%	4.6%	3.8%	7.5%	11.0%	16.4%	
Grand Rapids, MI	154 mi.	2:20	1,038,600	Population [2022 est.]	491,870	708,732	8,526,330	21,028,709	6,932,143	341,323,994	4.2%
Fort Wayne, IN	123 mi.	2:30	429,800	% Change [2018-2022]	-0.6%	0.7%	1.4%	1.9%	2.7%	4.2%	
Madison, WI	190 mi.	3:05	641,400	Avg. Household Inc. [2018 est.]	\$ 67,913	\$ 71,941	\$ 83,341	\$ 80,321	\$ 68,971	\$ 80,675	
Cincinnati, OH	254 mi.	3:50	2,157,700	Avg. Household Inc. [2022 est.]	\$ 76,226	\$ 79,744	\$ 94,289	\$ 93,742	\$ 78,326	\$ 91,585	
Louisville, KY	295 mi.	3:55	1,278,400	% Change [2018-2022]	12.2%	12.3%	13.1%	13.0%	13.6%	13.5%	
Detroit, MI	257 mi.	3:55	4,302,000	Median Age [2018, in years]	38.8	39.0	36.8	37.5	38.1	38.2	
St. Louis, MO	308 mi.	4:35	2,811,600	Businesses [2018 est.]	14,769	21,515	766,053	699,263	215,000	11,611,226	
Evansville, IN	266 mi.	4:40	315,700	Employees [2018 est.]	203,368	277,700	4,256,951	10,476,195	3,247,434	152,829,200	
Columbus, OH	315 mi.	4:50	2,021,600	Employee/Residential Population Ratio	0.41:1	0.39:1	0.51:1	0.51:1	0.48:1	0.47:1	

2. LOCAL & REGIONAL: Largest Area Employers

The breadth and characteristics of the inventory of corporations and employers can provide an indication of the general potential for corporate meeting activity within the Lake County market. Often, the major employers and industries in a local market are an important source of facility usage with regard to corporate meetings, banquets and other similar uses, all of which are important to maintain the utilization and financial viability of a convention center. Indirectly, the size of a local corporate base also tends to be correlated with the level and breadth of supporting community amenities (i.e., hotels, restaurants, transportation infrastructure, etc.), which are relevant when considering non-local events. Listed below are some of the largest employers and the top twelve industries with the most employees in Lake County. Most of the major employers fall within the top four industries of health care and social assistance, manufacturing, retail trade, and accommodation and food services.

Major Employers in Lake County	City	Industry	Employees
Franciscan St Margaret Health	Hammond	Health Care and Social Assistance	30,199
Franciscan St Margaret Health Community Hospital	Dyer	Manufacturing	24,875
Horseshoe Hammond	Munster	Retail Trade	22,872
Methodist Hospital Northlake	Hammond	Accommodation and Food Services	16,244
Ameristar Casino Hotel East	Gary	Educational Services	14,922
Majestic Star Casino & Hotel	East Chicago	Construction	10,692
Franciscan St Anthony Health	Gary	Waste Management and Remediation	8,749
US Steel Corporation	Crown Point	Public Administration	7,693
ArcelorMittal	Gary	Transportation and Warehousing	6,927
	East Chicago	Other Services (excluding Public Administration)	6,325
		Wholesale Trade	6,234
		Arts, Entertainment, and Recreation	5,912

Source: STATS Indiana, Indiana Department of Workforce Development, Lake County Indiana Economic Alliance, 2018. U.S. Census Bureau, Center for Economic Studies, 2015.

Local & Regional Analysis

Process Cont.

Rail Developments

The CSL Report highlighted some rail developments that, at the time, had been proposed for Lake County and were in the planning stages.

Hotel Inventory & Performance

The CSL Report provided an inventory of hotels within Lake County and analyzed their performance in terms of key metrics – occupancy, average daily rate, and revenue per available room.

Event Facilities

Also inventoried and profiled within the CSL report were the event facilities in Lake County, the Chicago metro, and the State of Indiana which might be competitive with the contemplated convention center. The goal was to capture the event space markets for local events (such as banquets or weddings), regional events (such as meetings and conferences), and statewide events (such as state association meetings and conventions). Additionally, this analysis endeavored to find niches within the market where the proposed convention center could be most competitive.

2. LOCAL & REGIONAL: Rail Developments

The Northern Indiana Commuter Transportation District's (NICTD) West Lake Corridor project is a proposed nine-mile extension of the existing South Shore Line (SSL) which would effectively connect Dyer, Indiana to downtown Chicago. The new train would run from Hammond to Dyer with four stations along the route: Hammond Gateway Station, South Hammond Station, Munster Ridge Road Station, and Munster/Dyer Main Street Station. The capital cost of the project stands at \$665.3 million, half of which will be funded by RDA, State and local funds totaling \$332.7 million. The NICTD applied for a Federal Transit Authority Core Capacity Full Funding Grant Agreement for the rest of the cost. To the right is a map of the proposed double-line track showing how the West Lake Corridor would connect to the SSL.

In addition, the eastward line that connects Gary to Michigan City will be converted from a single track to a double track line that will improve the flow of passengers between Downtown Chicago and Michigan City. Below is map of the SSL's double track that outlines the beginning and end of the proposed construction. Both projects are being reviewed for federal funding, and plan to be completed within the next five years.

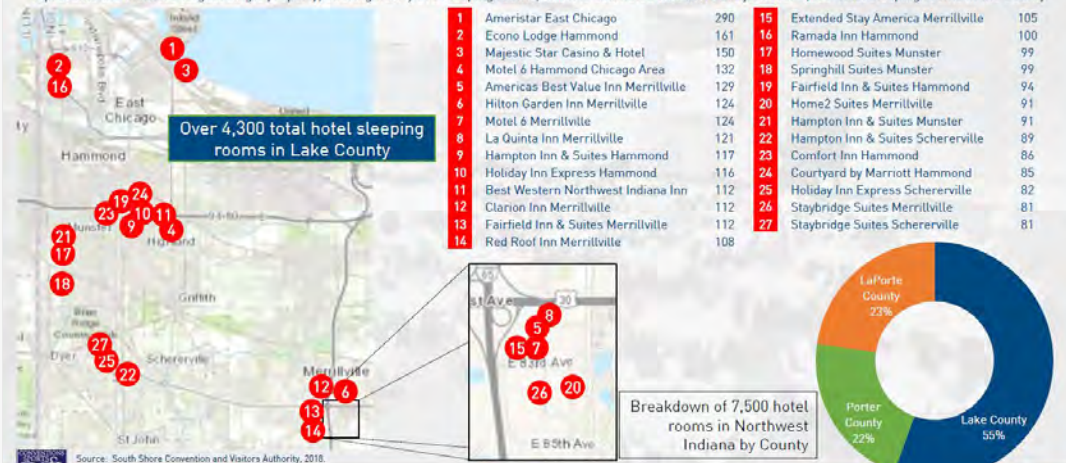


Source: Northern Indiana Commuter Transportation District (NICTD) & South Shore Line (SSL), 2018.



2. LOCAL & REGIONAL: Lake County Hotel Inventory

As shown, there are 27 hotel properties throughout Lake County that offer at least 80 sleeping rooms. Many of these are situated near heavily frequented roadways, including 12 hotels located near the confluence of Highway 30 and Interstate 65 (some are not illustrated because they offer less than 80 rooms). Ameristar East Chicago represents the market's largest single property, offering nearly 290 sleeping rooms, and it is estimated that there are just over 4,300 total sleeping rooms in the County.



Local & Regional Analysis

Conclusions

The CSL Report drew the following conclusions regarding the local and regional market as it pertains to the opportunity for a convention center in Lake County:

- “Lake County, Indiana is situated at the border of Indiana and Illinois. It is within close driving distance to the Chicago Metro Area, where more than 9.5 million people live, as well as Chicago’s two international airports. Additionally, the area is within a four-hour driving distance of other major metropolitan areas such as Indianapolis, (IN), Milwaukee, (WI), Cincinnati, (OH), and Louisville, (KY).”
- “There are approximately 4,300 sleeping rooms within Lake County, which accounts for approximately 55 percent of Northwest Indiana’s inventory of 7,500 rooms. The County’s most significant concentration of properties is located at the intersection of I-65 and Hwy-30, and the 290-room Ameristar East Chicago is currently the County’s largest property.”
- “Lake County hotel demand experiences its peak season during the summer months and significantly declines during the fall and winter months. A convention center product could positively impact spring and fall months, both of which are shoulder periods in market. Lake County hotel properties have maintained relatively stable occupancy and average daily rate (ADR) levels.”
- “The healthcare, service and steel industries remain as prominent drivers in Lake County’s economy. According to GIS analysis (provided by Esri), the retail industry generates its highest sales in select pockets located in Merrillville, Schererville, Hobart and East Chicago.”
- “The West Lake Corridor project represents a significant opportunity to attract residents, employees and businesses from the Chicago and greater Illinois markets to the Northwest Indiana region. Commuter rail extension projects represent significant opportunity to continue to grow and diversify Lake County’s economy. Future population, corporate and economic growth attributed to this project could provide further support for a potential convention center product.”

Local & Regional Analysis

Conclusions Cont.

- “The closing of the Radisson Hotel at the Star Plaza has left a void in the Northwest Indiana and Lake County marketplace in terms of convention/conference facility product. There are now currently seven event facilities within Lake County with flat floor event space that could potential pose limited competition for certain small events with a potential convention center facility. However, each facility features limitations that negatively impact their ability to host a diverse profile of group business, and none offer more than 25,000 square feet of total sellable space which limits the ability to accommodate events with significant economic impact.”
- “There are a variety of exhibition, conference and meeting facilities offered throughout the Chicago/Northwest Indiana greater metro area—many integrated as a part of hotels. The amount of competition in the Chicago market is significant, but Lake County’s hotel and facility rental costs could serve as a competitive advantage over Chicago-based prices. Twelve convention facilities throughout the state of Indiana were identified that fall within the competitive spectrum for various event activity. In general, there are limited sizeable convention facility products in north Indiana, with the Century Center in South Bend representing the only facility in the northern third of the state that offers a single room greater than 20,000 square feet.”

Updates

In general, these conclusions are still relevant. However, the Consulting Team has updated this Local & Regional Analysis with the newest available data in order to accurately portray where the market stands as of early 2024.

Comparable Analysis

Process

The CSL Report identified 18 comparable convention centers based on, “their characteristics, total space offered and the size and location of the markets in which they are located.” It then performed an analysis, comparing them to one another and to Lake County based on the following characteristics:

- Function space
- Proximate hotel supply
- Demographic and economic factors
- Demand and financial performance

It also included high-level profiles of each of the comparable facilities, highlighting things such as recent renovations, ownership and management structure, and mix of business, among others.

Conclusions

The CSL Report drew the following conclusions from its comparable analysis:

- “Lake County ranks near the top among the comparable markets identified that offer convention center space in terms of population and corporate base with an estimated 90- and 180-minute drive.”

3. COMPARABLE ANALYSIS: Convention Facilities

Certain inferences can be made by reviewing comparable convention facilities operating in markets throughout the country of a similar size and/or geographic positioning to Lake County. The facilities reviewed were selected based on their characteristics, total space offered and the size and location of the markets in which they are located. The exhibit below presents a summary of the 18 selected comparable convention center facilities and markets analyzed, sorted by largest contiguous space. As shown, the sellable space inventories range from the 145,200 square feet featured at the Renaissance Schaumburg Hotel and Convention Center to the 26,400 square feet housed within the Sugar Land Conference Center in Sugar Land, TX. In all, the facilities analyzed average 69,400 square feet of total sellable space and 40,600 square feet of largest contiguous space. There is also an average of 780 hotel sleeping rooms within 1/2-mile of the reviewed facilities.

Facility	Market	Exhibit SF	Meeting SF	Multipurp./ Ballroom SF	Total SF	Largest Contiguous SF	HQ Hotel Rooms	Hotel Rooms within 1/2-Mile
Renaissance Schaumburg Hotel & Convention Center	Schaumburg, IL	97,200	8,200	39,800	145,200	97,200	500	1,167
Ontario Convention Center	Ontario, CA	69,300	26,100	19,600	115,000	69,300	1,257	2,279
Overland Park Convention Center	Overland Park, KS	58,500	14,100	25,000	97,600	58,500	412	1,232
Tinley Park Convention Center	Tinley Park, IL	58,100	5,300	18,700	82,100	58,100	192	641
Infinite Energy Forum	Duluth, GA	50,000	12,800	21,600	84,400	50,000	156	421
Greater Tacoma Convention & Trade Center	Tacoma, WA	49,500	12,400	13,400	75,300	49,500	162	665
Arlington Convention Center	Arlington, TX	48,600	8,500	30,000	87,100	48,600	311	770
Grand Wayne Convention Center	Fort Wayne, IN	0	17,500	58,400	75,900	48,500	496	496
Northern Kentucky Convention Center	Covington, KY	46,200	13,300	22,800	82,300	46,200	547	1,334
Old National Events Plaza	Evansville, IN	36,300	12,100	14,600	63,000	36,300	241	241
St. Charles Convention Center	St. Charles, MO	27,600	7,000	22,200	56,800	35,700	296	574
Mid-America Center	Council Bluffs, IA	24,500	5,300	18,500	48,300	24,500	286	692
Sharonville Convention Center	Sharonville, OH	20,500	24,200	14,100	58,800	20,500	512	1,058
Blue Water Convention Center	Port Huron, MI	0	4,500	25,500	30,000	20,000	149	149
Utah Valley Convention Center	Provo, UT	19,600	10,000	16,900	46,500	19,600	329	338
Davis Conference Center	Layton, UT	18,400	2,700	22,400	43,500	18,400	147	918
Sugar Land Marriott Town Square	Sugar Land, TX	0	10,900	15,500	26,400	15,500	300	649
Vancouver Conference Center	Vancouver, WA	0	8,500	21,900	30,400	14,100	226	381
Average		41,600	11,300	23,400	69,400	40,600	360	780

Note: Facilities sorted by largest contiguous space. Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Comparable Facility Operations

In terms of financial performance, on average, convention facilities operate at a loss of approximately \$699,700, with average revenues at \$2.4 million and expenses at \$3.2 million. The convention centers reviewed also average a coverage ratio of 79 percent.

Facility	Operating Revenue	Operating Expense	Net Operating Income/(Loss)	Net Operating Inc./Loss per SF Tot. Sell. Space	Coverage Ratio	Rev. per SF of Tot. Sell. Space	Exp. per SF of Tot. Sell. Space
Facility A	\$4,514,555	\$5,559,044	(1,044,488)	(21.14)	81.2%	\$91.39	\$112.53
Facility B	\$1,327,785	\$1,756,371	(428,586)	(6.78)	75.6%	\$20.91	\$27.66
Facility C	\$1,908,691	\$2,183,512	(274,821)	(8.30)	87.4%	\$45.97	\$65.97
Facility D	\$2,949,412	\$2,182,612	\$766,800	17.00	116.7%	\$118.99	\$101.99
Facility E	\$1,379,358	\$1,853,542	(474,184)	(17.12)	74.4%	\$49.80	\$66.91
Facility F	\$4,440,396	\$6,232,657	(1,792,261)	(15.58)	71.2%	\$38.61	\$54.20
Facility G	\$2,574,420	\$2,504,725	\$69,695	1.50	102.8%	\$55.36	\$53.87
Facility H	\$874,461	\$1,626,607	(752,146)	(7.51)	53.8%	\$41.45	\$77.09
Facility I	\$435,552	\$1,070,849	(635,297)	(18.60)	59.4%	\$27.16	\$45.76
Facility J	\$2,893,856	\$2,585,052	\$308,804	12.71	111.9%	\$119.09	\$106.38
Facility K	\$1,940,934	\$3,814,200	(1,873,266)	(14.17)	30.9%	\$14.68	\$28.85
Facility L	\$239,235	\$1,278,990	(1,039,755)	(57.76)	18.7%	\$13.29	\$71.05
Facility M	\$5,678,457	\$5,325,913	\$352,544	6.21	106.6%	\$99.97	\$93.77
Facility N	\$2,292,268	\$2,341,268	(49,000)	(1.03)	97.9%	\$47.96	\$48.98
Facility O	\$1,125,833	\$1,634,113	(508,280)	(22.20)	68.9%	\$49.16	\$71.36
Facility P	\$4,658,469	\$7,388,780	(2,730,311)	(43.12)	63.2%	\$74.03	\$117.15
Facility Q	\$4,428,206	\$2,215,446	\$2,212,760	(14.87)	84.9%	\$26.16	\$30.83
Facility R	\$431,745	\$704,743	(272,997)	(3.48)	89.6%	\$30.08	\$33.56
Facility S	\$1,623,145	\$2,261,735	(638,590)	(19.18)	71.8%	\$48.74	\$67.92
Facility T	\$2,756,581	\$3,751,441	(994,860)	(9.41)	73.5%	\$28.08	\$35.49
Facility U	\$1,342,453	\$3,450,192	(2,107,739)	(26.44)	38.9%	\$16.84	\$43.29
Facility Y	\$511,480	\$7,248,760	(6,737,280)	(11,794.580)	30.0%	\$11.74	\$59.22
Facility W	\$1,554,304	\$5,215,644	(3,661,340)	(27.72)	42.5%	\$20.48	\$48.20
Facility X	\$1,796,000	\$704,743	\$1,091,257	(0.68)	97.8%	\$29.86	\$30.55
Facility Y	\$2,259,727	\$2,261,735	(2,008)	(9.11)	75.1%	\$27.54	\$36.57
Facility Z	\$6,778,369	\$3,751,441	\$3,026,928	8.89	113.2%	\$69.45	\$61.36
Average	\$2,410,400	\$3,230,900	(699,700)	(11.94)	79.0%	\$46.05	\$57.99
Median	\$1,908,700	\$2,341,300	(573,400)	(9.11)	75.1%	\$38.61	\$53.87

Source: Facility Management, 2018.



Comparable Analysis

Conclusions Cont.

- “Approximately two-thirds of comparable markets identified offer at least 500 sleeping rooms within ½-mile of the event facility at “Upper Upscale” and “Upscale” properties.”
- “Based on the population and corporate base within 90 minutes of comparable market facilities, a potential new convention center in Lake County could offer over 160,000 square feet of sellable event space, including nearly 92,000 square feet within its largest contiguous room, and would require approximately 800 rooms within an attached or nearby headquarters hotel property.”
- “On average, facilities in comparable market host 311 annual events, attracting nearly 244,200 attendees. The majority of events tend to be smaller, single-day meetings, while the majority of attendees participate in public/consumer shows (80,300 attendees), conventions/tradeshows (52,500 attendees) or other events (58,300 attendees).”
- “The average convention facility analyzed operates at a loss of nearly \$700,000, annually, with average revenues approximating \$2.4 million and expenses approximating \$3.2 million, annually. This equates to an estimated coverage ratio of 79 percent, on average. On a per square foot of sellable space basis, the identified convention centers in comparable markets average a loss of approximately \$12.17.”

Updates

Most of this analysis remains relevant, so in this new report the Consulting Team has developed more in-depth profiles of a selection of five comparable facilities in order to explore different models for how a convention center could be successful in Lake County.

Industry Trends

Process

The CSL Report contained a section discussing trends within the events and conventions industry which might impact the proposed Lake County convention center. Trends discussed include:

- Facility needs & preferences
- Destination & amenity preferences
- Convention/meeting industry volume and performance
- Travel industry trends

Conclusions

The CSL Report drew the following conclusions from its analysis of industry trends:

- “In 2009, the U.S. economy fell into a significant recession. Metrics for 2008 illustrated deteriorating economic conditions that led to a decline in macro industry-wide demand. However, the convention and tradeshow industry has exhibited slow, but consistent recovery, along with the U.S. economy, in recent years. Metric indicators project continued moderate growth into the foreseeable future.”

4. INDUSTRY TRENDS: Facility Needs & Preferences

It is often useful to consider events as those residing in one of three general categories: sports, performances, and meetings. Facilities that normally accommodate these event types tend to overlap somewhat, as certain event facilities can accommodate events in multiple categories.

The exhibit to the right illustrates how specific types of industry-typical event facilities fit within this framework of events. As shown, event facilities situated near the top of the diagram tend to be facilities that are more spectator/entertainment event-oriented, while those facilities located near the bottom of the diagram tend to be those that do not integrate fixed seating and are instead flat floor venues that focus on conventions, meetings, tradeshows and other such events.

While facilities employ varying degrees of flexibility and multipurpose space, allowing them to technically accommodate events from all three general categories (for instance, arenas and civic centers), any event facility will possess attributes that will allow it to better compete/serve certain event types, while being less competitive/efficient/effective in other segments.



	High Quality Event Facility	Exhibit Space	Specialty Room	Breakout Room	Specialty Seating	Parking	Nearby Public Transit	Secondary Facilities	Nearby Visitor Amenities
Conventions	HIGH	HIGH	HIGH	HIGH	LOW	MED	HIGH	LOW	HIGH
Conferences	HIGH	MED	HIGH	HIGH	LOW	MED	HIGH	LOW	HIGH
Trade Shows	HIGH	LOW	MED	HIGH	LOW	LOW	LOW	LOW	MED
Corporate/Professional Meetings	HIGH	LOW	HIGH	MED	LOW	MED	LOW	LOW	MED
Tradeshows	MED	HIGH	LOW	LOW	LOW	HIGH	MED	LOW	HIGH
Consumer/Public Shows	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	LOW	MED
Agricultural Shows	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	HIGH	LOW
Equine Shows	LOW	HIGH	LOW	LOW	MED	HIGH	LOW	MED	LOW
Races	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	MED	LOW
Tractor Pulls	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	MED	LOW
Barbqing Events	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	LOW	LOW
Concerts	LOW	MED	LOW	LOW	HIGH	HIGH	LOW	LOW	MED
Festivals	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	LOW	LOW

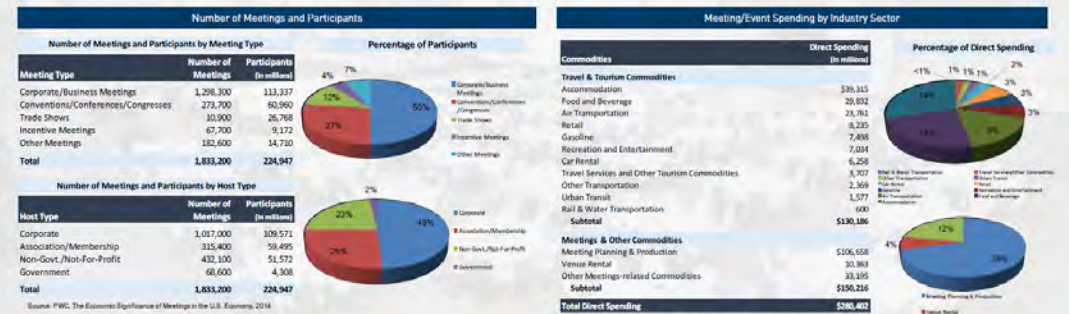
As shown in the exhibit to the left, different types of events can have very different preferences and requirements with regard to facility characteristics. For example, conventions typically place premiums on high quality finish of event space (including carpeted space), adjacent/proximate full-service hotel rooms and other visitor amenities (i.e., restaurants, retail, entertainment, etc.) in close walking distance, while sporting events typically focus on large seating capacities and plentiful parking.

This discussion begins to lay the groundwork for some important issues that will likely affect the types of events that may be attracted to an event facility. The type, level of finish, configuration, and amenities of the space offered in any potential facility will play a strong role in determining the ability of the facility to attract and accommodate certain types of events. Ultimately, this information also implies that industry best practices dictate that event facilities cannot, and should not, be “everything to everyone”. The following two pages show images of modern convention facility design and emphasis on destination-building and greater sites.

4. INDUSTRY TRENDS: Convention/Meeting Industry

According to a PricewaterhouseCoopers study, just over 1.8 million meetings are held annually, attracting a total of just under 225 million meeting participants. Corporate/business meetings made up the largest portion of this meeting activity, encompassing 50 percent of all meetings, with conventions/conferences/congresses following behind at 27 percent.

Direct spending levels resulting from these meetings approximate \$280 million, that is directly attributable to meeting activity. Spending on accommodations and food and beverage resulted in just under \$70 million of total direct spending, making up a majority of the \$130 million of direct spending on travel and tourism commodities. Also of note, money spent on meeting planning and production resulted in a total of \$107 million of direct spending.



Industry Trends

Conclusions

- “With respect to the convention and tradeshow industry, however, the realized impacts on small/mid-sized and/or affordable destinations during economic downturns are normally more limited, as they tend to be more economical and drive-in regional destinations. These types of second/third-tier destinations often have lower costs of living (including lower priced hotels, restaurant meals, taxes, etc.) that become more appealing during hard economic times”.
- “Recognizing that the convention center facility itself is only one piece of a larger puzzle that non-local event planners tend to consider when selecting sites, more and more communities have been focusing on ways to strengthen the appeal of the proximate area surrounding the “box”. This often involves comprehensively master planning a mixed-use or entertainment district containing the convention center, whereby an attractive pedestrian-friendly environment is created to welcome convention center attendees, through offerings of restaurants, retail, nightlife, entertainment and attractions.”
- “According to the U.S. Travel Toolkit, since the Great Recession the travel industry created 972,000 jobs through the middle of 2016 and expanded employment 18 percent faster than the rest of the economy. Supporting more than 15 million Americans—one in nine private-sector jobs, the \$2.3 trillion travel industry is a significant economic driver and job creator.”
- “According to Oxford Economics, 1.9 million meetings occurred in 2016, with 251 million meeting participants. Meetings direct spending is growing, expanding 23 percent since 2009, primarily due to an expanding number of meeting participants. Approximately 53 percent of this activity consisted of corporate meetings, while conventions and tradeshows made up 17.8 percent and 15.9 percent of activity, respectively.”

Updates

Though the CSL Report’s analysis of industry trends and the conclusions drawn were relevant at the time, the COVID-19 pandemic has had a profound impact on the events and hospitality industries rendering much of it outdated. As such, this new report focuses on ways in which the industry has changed – as well as things that have been consistent – coming out of the pandemic.

Market Demand Analysis

Process

The Market Demand Analysis chapter of the CSL Report is focused on the results of the extensive interview and survey process that was executed during the course of that study. The telephone surveys were targeted three different categories:

- Local stakeholders
- Corporate/independent meeting planners
- State/regional event planners

Conclusions

The CSL Report drew the following conclusions from those surveys:

- “Given Lake County’s local market characteristics and the event profiles of other comparable convention facilities in similar markets, it is believed that the primary non-local event markets for a convention center in Lake County would be events hosted by state and regional groups, in addition to corporate and other types of event activity from the Chicago/Northwest Indiana greater metropolitan area and throughout the state of Indiana. This demand represents an opportunity to enhance and diversify demand for hotel room nights, inject new spending into the region and introduce Lake County to a wide array of event attendees unfamiliar with the area.”

5. MARKET DEMAND: Market Demand Analysis

The purpose of this chapter is to provide an analysis of the estimated market demand for a potential new convention center in Lake County. The overall market analysis consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

- **1,000** multipurpose convention, conference, hospitality, sports, entertainment and event facility projects throughout North America
- **2** local market visit at the outset of the project and middle of the project, including community and site tours.
- **40** in-person interviews/meetings with over Lake County individuals, including representatives from the various cities within Lake County, the South Shore Convention and Visitors Authority, representatives of key area conference/meeting and hotel facilities, potential development partners and business leaders, local facility users, and other local visitor industry stakeholders.
- **55** telephone interviews conducted with local area leadership.
- Research and analysis of local market conditions.
- Comparative analysis of socioeconomic data from competitive/regional and comparable facility markets.
- **135** completed telephone interviews with state and regional event planners representing potential rotating events, including:
 - **94** state and regional association events
 - **41** social, military, education, religious, and fraternal (SMERF) events
- **1,500** off-site events represented by interviewed independent and corporate meeting planners.

The focus of much of the remainder of this chapter is focused on quantified survey data associated with the three primary groupings of telephone surveys completed for this study: 1) local stakeholders, 2) corporate/independent meeting planners, and 3) state/regional event planners. These events would be expected to represent the logical targets for new non-local, economic impact generating activity for a potential convention center in Lake County.



5. MARKET DEMAND: Surveys – Corporate Events



Summary of Key Findings

- Telephone survey of Meeting Professionals International (MPI) database of meeting planners that plan meetings in the Chicago and Indiana markets.
- Meeting planners represent large local corporations, associations, tradeshow companies, and private event planning firms.
- Events include: educational and training events, executive events, tradeshows, team-building events, company dinners/galas, annual conferences/meetings, among others.
- More significant interest shown by Chicago area planners relative to Indiana planners. Indiana market is primarily oriented around Indianapolis due to its central location.
- Completed 19 telephone interviews with planners representing more than 1,500 events.
- Approximately 68 percent of survey respondents expressed positive interest for one or more future events.
- Interested respondents could envision utilizing the proposed facility for approximately 25 events per year.
- Of those approximately 25 events, average event attendance is approximately 675.
- Interested events required an average of 11,000 square feet of contiguous event space.
- Most would need more than one concurrent space, such as an additional ballroom for meal functions or breakout meeting space but would be able to work with flexible space as long as it had solid air walls and sufficient square footage to do so.



Market Demand Analysis

Conclusions Cont.

- “Overall, survey results suggest that the level of unmet demand from rotating state and regional convention and conference markets is moderate to strong. Existing Lake County convention and event facilities are unable to accommodate the majority of state/regional markets that are interested in the Lake County destination. With the loss of the both the Star Plaza and the Radisson Hotel at Star Plaza, significant local demand exists for an event space that could accommodate a number of civic gatherings and local consumer shows, as well as small meetings, banquets, and receptions. These and other events have been forced to look for space at venues outside of Lake County or within sub-optimal event venues within Lake County.”
- “Based on survey results and experience with past projects, demand would suggest an opportunity for 55,000 to 75,000 square feet of sellable space with a 35,000 to 45,000 contiguous exhibition hall. For optimal market capture, the Center would need to be attached to a 225- to 275-room hotel property (assuming a 70 percent committable room block rate from the hotel for convention center events) and be in close proximity to approximately 400 to 450 committable hotel rooms.”
- “Should White Lodging develop any new hotel & conference center product to replace the closed Radisson Hotel, the market opportunity for a new convention center may be impacted. The impact of such a development could either be favorable or unfavorable for a potential new Lake County convention center project, depending on a variety of factors/issues.”
- “Key challenges of the Lake County destination (and a primary reason for non-local event planners’ disinterest) include its non-centralized location (within the state) and the number of event planning groups are primarily oriented in and around the Indianapolis metropolitan area. Based on responses of potentially interested event organizers, it will be important to position a new convention center in Lake County with strong highway/ transportation access, and near restaurants and nightlife options.”

Updates

This new report focuses on updating this demand analysis to account for any changes that have occurred within the market since that time, either due to the COVID-19 pandemic or other factors. A more complete summary of this part of the CSL Report can be found in the Stakeholder Engagement section of this report.

Site Analysis

Process

The Site Analysis section of the CSL Report began by broadly identifying important characteristics for a convention center's site, then defining the methodology used to narrow down the list of proposed sites, filtering out those which had a "fatal flaw." The following criteria were used for this filtering process:

- Size of contiguous site area must be at least 10 acres
- Site must be located within a 10-minute drive of quality existing hotel supply
- Site must be situated along a major north/south or east/west interstate or highway
- Site must be located within a hour's drive of Chicago (during non-rush hour periods)

This process left nine qualified sites. These sites were then individually profiled, highlighting their location, size, ownership, strengths, and weaknesses. Finally, the sites were compared in two matrices: One which considered scored each site based on its performance across a host of criteria, and another which considered the same criteria less than those which had to do with hotel proximity, in an effort to account for a scenario in which hotels were developed alongside the convention center. Each criterion was given a weight, and based on the weighted score, five sites were identified as the strongest of the group.

6. SITE ANALYSIS: Site Selection Criteria & Issues



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

In general, a large number of characteristics and factors are typically important when evaluating the attractiveness of site locations. These include:

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

For a convention center project, proximity to quality hotel inventory is the single most important factor. Without a sizeable, quality hotel property that is attached or adjacent, a convention center will be extremely limited in its ability to attract non-local conventions, conferences and tradeshows. Without this type of hotel support, the convention center will function more as a "local" venue, such as a community center or civic center. Given the nature of the Lake County destination and its lack of a traditional downtown central business district (offering a pedestrian-friendly environment with walkable restaurants, bars, nightlife, entertainment, retail with character, etc.), the importance of planning for mixed-use development in a larger district containing the convention center will likely be greater with any Lake County's site.

6. SITE ANALYSIS: Site Matrix Analysis (overall)

Site	SITE A		SITE B		SITE C		SITE D		SITE E		SITE F		SITE G		SITE H		SITE I		
	Element	Score	Element	Score	Element	Score	Element	Score	Element	Score	Element	Score	Element	Score	Element	Score	Element	Score	
Site Area (Acres)	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Distance to Chicago (Miles)	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Proximity to Quality Hotel Inventory	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Proximity to Other Supporting Select / Focused Service Hotel Inventory	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Ability to Leverage Existing Facility Investment / Infrastructure	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Requirements / Preferences of Private Partner (if applicable)	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Size, Cost and Ownership Complexity of Site	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Proximity to Restaurants, Retail, Nightlife, Entertainment	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Pedestrian-Friendly Walking Environment	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Parking Availability	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Ingress / Egress	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Site Visibility	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Synergy with Other Public Sector Development Initiatives / Master Plans	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Compatibility with Surroundings	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Other Considerations	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
TOTAL SCORE	418	482	384	454	595	770	392	330	431										
SITE RANK	8	6	9	5	2	1	7	9	3										





Site Analysis

Conclusions

Based on the site analysis process detailed on the previous page, the following five sites were identified in the CSL Report as the strongest options for the development of the proposed convention center:

- Site F: Radisson/Star Plaza
- Site E: Century Mall
- Site I: Hobart Silverstone
- Site B: Kennedy Ave & I-94
- Site D: Majestic Star

Updates

For this updated report, the Consulting Team considered the nine sites in the CSL report as well as five additional sites that were submitted for consideration. These 14 sites have been evaluated using Johnson Consulting's proprietary Site Ranking Matrix. Further discussion can be found in this report's Site Analysis section.

Cost/Benefit Analysis

Process

This section of the CSL Report analyzes the potential costs and benefits associated with the proposed convention center. Generally, costs in this case are defined as the projected construction and operating costs required to build and run the facility, while benefits are the estimated economic and fiscal impacts associated with its operations.

Based on the market analysis and proposed program, the CSL Report includes the following projections for the convention center over a 20-year time horizon:

- Events, event days, and utilization days
- Attendees and attendee days
- Hotel room nights generated
- Order-of-magnitude construction costs
- Operating revenues and expenses
- Economic and fiscal impacts

8. COST/BENEFIT: Estimated Utilization

A detailed market, financial and economic model was developed. Based on the market analysis completed and the program assumptions discussed herein, the following exhibit presents a summary of the estimated annual event levels, event days, and utilization days (move-in + event + move-out) by event type for a convention center in Lake County over the first 20 years of operation.

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	10-Year TOTAL	20-Year TOTAL
NUMBER OF EVENTS							
Conventions/Tradeshows (w exhibits)	6	8	10	12	14	120	260
Conventions/Conferences (no exhibits)	10	12	15	19	20	176	376
Public/Consumer Shows	8	10	12	12	12	114	234
Amateur Sports/Rec	5	7	9	9	10	90	190
Meetings	100	125	150	150	150	1,425	2,925
Banquets/Receptions	40	45	55	55	55	525	1,075
Miscellaneous/Other	8	9	10	12	12	111	231
Total	177	216	261	269	273	2,561	5,291
EVENT DAYS							
Conventions/Tradeshows (w exhibits)	18	24	30	36	42	360	780
Conventions/Conferences (no exhibits)	25	30	38	48	50	440	940
Public/Consumer Shows	20	25	30	30	30	285	585
Amateur Sports/Rec	10	14	18	18	20	180	380
Meetings	100	125	150	150	150	1,425	2,925
Banquets/Receptions	40	45	55	55	55	525	1,075
Miscellaneous/Other	10	12	13	16	16	144	300
Total	223	275	334	352	363	3,359	6,985
UTILIZATION DAYS							
Conventions/Tradeshows (w exhibits)	33	44	55	66	77	660	1,430
Conventions/Conferences (no exhibits)	42	50	63	80	84	739	1,579
Public/Consumer Shows	40	50	60	60	60	570	1,170
Amateur Sports/Rec	18	25	32	32	35	315	665
Meetings	100	125	150	150	150	1,425	2,925
Banquets/Receptions	40	45	55	55	55	525	1,075
Miscellaneous/Other	16	18	20	24	24	222	462
Total	289	357	435	466	485	4,456	9,306



8. COST/BENEFIT: Economic Impacts (Direct Spending)

The exhibit below presents the direct spending by industry associated with a new convention center in Lake County, outlined both by event type and by industry. As shown, conventions, tradeshows, conferences, and amateur sports (tournaments/meets/competitions) are estimated to generate a majority share of new direct spending in Lake County, with most of the impacts being generated in the hotel, restaurant (food and beverage), and retail industries. Spending by local Lake County residents is not included in these figures and spending reductions have been made for a percentage of non-local attendees that would be expected to represent "day-trippers", not requiring overnight accommodations.

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	10-Year TOTAL	20-Year TOTAL
DIRECT SPENDING (BY EVENT TYPE)							
Conventions/Tradeshows (w exhibits)	\$2,956,590	\$3,942,120	\$4,927,650	\$5,913,180	\$6,898,710	\$59,131,800	\$128,118,900
Conventions/Conferences (no exhibits)	2,308,500	2,770,200	3,462,750	4,386,150	4,617,000	40,629,600	86,799,600
Public/Consumer Shows	418,500	523,125	627,750	627,750	627,750	5,963,625	12,241,125
Amateur Sports/Rec	1,389,375	1,945,125	2,500,875	2,500,875	2,778,750	25,008,750	52,794,250
Meetings	431,250	539,063	646,875	646,875	646,875	6,145,313	12,414,043
Banquets/Receptions	401,000	451,125	551,375	551,375	551,375	5,263,125	10,776,875
Miscellaneous/Other	526,500	592,313	658,125	789,750	789,750	7,305,188	15,202,688
Total	\$8,431,715	\$10,763,070	\$13,375,400	\$15,415,955	\$16,910,210	\$149,447,400	\$318,549,500
DIRECT SPENDING (BY INDUSTRY)							
Hotel	\$3,106,784	\$3,966,291	\$4,937,284	\$5,788,225	\$6,385,892	\$56,113,934	\$119,972,850
Restaurant	3,254,752	4,154,509	5,159,832	5,911,487	6,471,167	57,307,581	122,019,249
Entertainment	392,102	500,474	621,188	707,074	772,281	6,854,525	14,577,337
Retail	1,258,557	1,606,347	1,992,822	2,256,876	2,460,653	21,878,520	46,485,048
Other Local Transit	70,609	90,143	112,211	131,551	145,134	1,275,317	2,726,656
Other Industries	348,910	445,308	552,063	620,741	675,084	6,017,523	12,788,360
Total	\$8,431,715	\$10,763,070	\$13,375,400	\$15,415,955	\$16,910,210	\$149,447,400	\$318,549,500



Cost/Benefit Analysis

Conclusions

The cost and benefit projections from the CSL Report are summarized in the table on the right.

Updates

This new report will be updating these performance estimates based on the Consulting Team's analysis of changes within the market and the updated program proposal.

CSL Report Key Performance Estimates		
Metric	Stabilized Year 1	20-Year Total
Events	273	5,291
Event Days	363	6,985
Utilization Days	485	9,306
Operating Revenue	\$1,888,822	\$36,363,528
Operating Expenses	\$2,334,421	\$46,037,400
Hotel Room Nights	47,549	894,310
Direct Spending	\$19,499,604	\$394,287,668
Total Economic Output	\$32,289,307	\$653,718,859
Personal Income (Earnings)	\$11,001,523	\$222,644,112
Employment (Full- & Part-Time Jobs)*	449	761
Tax Revenue**	\$2,222,010	\$44,341,695

**20-year Employment estimate represents the peak year during the period.*

***Tax Revenue includes 5% County Innkeepers Tax, 1.5% County Income Tax, and 7% State Sales Tax.*

Source: CSL

Funding Analysis

Summary

This final section of the CSL Report summarizes various public and private sources of funding for the proposed convention center. It examines sources that are specific to Lake County, as well as those which are often used for similar projects elsewhere. These funding sources include the following:

- Sources common throughout the U.S.
 - Tax Increment Financing (TIF)
 - Pay-As-You-Go Financing
 - Certificates of Participation
 - State/Federal Assistance
 - Private/Public Equity & Grants

9. FUNDING ANALYSIS: Overview & Typical Sources

The purpose of this section is to summarize various public and private sector funding opportunities that could represent potential sources of funding to develop a potential convention center in Lake County and meet any on-going operating requirements and capital reserves. Generated through convention industry best practices research provided by CSL and detailed analysis and financing expertise provided by Sycamore Advisors, the funding analysis presented herein is not intended to be an exhaustive review of all potential funding sources, but rather a review of the most likely funding sources that may be available specific to this project.

SOURCES TYPICALLY USED INDUSTRY-WIDE

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

Types of financing/funding vehicles that are commonly used in convention center projects throughout the country include:

- General Obligation Revenue Bonds
- Tax Increment Financing (TIF)
- Pay-As-You-Go Financing
- Certificates of Participation
- State/Federal Assistance
- Private/Public Equity & Grants

Under situations where bonds have been issued, debt service is often supported by local tax revenue, which has tended to include the following:

- Hotel/motel taxes
- Sales & use taxes
- Property taxes
- Food & beverage taxes
- Auto rental/taxicab taxes/fees
- Sin taxes (alcohol, cigarette, etc.)
- Admissions/entertainment taxes
- Gaming license fees and taxes

In recent years, a growing number of communities have explored ways in which the private sector can participate in reducing the overall funding burden borne by the public sector. This participation has taken the form of: [1] public-private partnerships (P3) for combined hotel + convention center projects; [2] naming rights and other sponsorships; [3] upfront service provider fees and facility component build-outs; [4] exclusive facility use agreements; and [5] private donations of capital and/or land.



9. FUNDING ANALYSIS: Conclusions

In conclusion, while there are multiple revenue sources which could potentially be used to help support capital expenditures related to a convention center in Lake County, Indiana, realistically, two revenue streams are the most feasible: [1] a Food & Beverage Tax; and [2] existing TIF revenues (assuming the final site is in a TIF District). The analysis used to arrive at these two revenue streams [1] excluded property taxes as a primary source of security; [2] excluded public sector revenues (such as water and sewer fees) restricted to other uses; and [3] assessed the relative ease in creating or accessing the revenue stream and a lack of prior claims to the revenue streams.

[1] Food & Beverage Tax. Under existing law (Indiana Code 6-9-36 "Lake and Porter County Food and Beverage Tax"), Lake County's fiscal body may authorize a 1% Food and Beverage Tax by ordinance without additional legislation from the Indiana General Assembly. Once the tax is adopted, "The entire amount received from the taxes imposed by a county under this chapter shall be paid monthly by the treasurer of state to the treasurer of the northwest Indiana regional development authority established by IC 36-7.5-2-1." Funds must be deposited in the "development authority fund" and may be used for legally authorized purposes, including economic development projects in Lake County.

LSA's 2018 fiscal impact statement for HB 1099 [which did not pass this session] included Food & Beverage Tax revenue projections for each county in Indiana, based on the collections of the current counties and municipalities that impose the tax. For Lake County, LSA estimated \$9.4 million in revenues for calendar year 2019 and \$9.8 million in 2020. Note: If Lake County implements the Food & Beverage tax and desires to use those revenues to secure a bond issue, bondholders and rating agencies may require a backup source of funding, at least until the County has several years of actual revenues from this source.

[2] Existing TIF Revenues. There are currently 54 different Tax Increment Financing districts within Lake County. For calendar year 2015, the most recent year for which data is available online, the Indiana Department of Local Governments reported revenues of \$66.47 million from all 54 TIF districts, based on an incremental assessed value of \$1.657 billion. Individual TIF district revenues vary widely, with 8 districts reporting no revenues in 2015 while the Whiting Allocation Area reported \$15.46 million and two districts in Hobart reported revenues of over \$4 million each. If the site selected is in an existing TIF district that has capacity (i.e., available revenues), those revenues could become available for this project.

Other options considered include the County's Economic Development Tax [\$27.7 million county-wide in 2017; Lake County allocation was \$8.5 million, but these revenues are currently dedicated to existing projects], an increase in the Innkeeper's Tax, with allocation of the new revenues to this project (this would require approval of the Indiana General Assembly), and the creation of a Community Revitalization and Enhancement District, where Lake County could capture the incremental growth in state sales tax and income tax in the area and use it for the convention center project if the site meets the statutory criteria. This would not require new legislation, but would require State Budget Agency approval.



Funding Analysis

Summary Cont.

- Debt repayment mechanisms
 - Hotel/motel taxes
 - Sales & use taxes
 - Property taxes
 - Food & beverage taxes
 - Auto rental/taxicab taxes/fees
 - Sin taxes (alcohol, cigarette, etc.)
 - Admissions/entertainment taxes
 - Gaming license fees and taxes
- Possible Sources Specific to Lake County with Existing Authorization
 - Local Income Tax for Economic Development
 - Innkeepers Tax
 - Food and Beverage Tax
 - Existing TIF District Revenues
 - Property Tax Backup
- Possible Sources Specific to Lake County Not Yet Authorized
 - Community Revitalization Enhancement District
 - Professional Sports and Convention Development Areas
 - Regional Development Tax Credit
 - New or combined TIF Districts

Funding Analysis

Conclusions

The CSL Report identified two revenue streams as the most feasible sources of funding for the proposed convention center:

“1. Food & Beverage Tax. Under existing law (Indiana Code 6-9-36 “Lake and Porter County Food and Beverage Tax”), Lake County’s fiscal body may authorize a 1% Food and Beverage Tax by ordinance without additional legislation from the Indiana General Assembly. Once the tax is adopted, “The entire amount received from the taxes imposed by a county under this chapter shall be paid monthly by the treasurer of state to the treasurer of the northwest Indiana regional development authority established by IC 36-7.5-2-1.” Funds must be deposited in the ‘development authority fund’ and may be used for legally authorized purposes, including economic development projects in Lake County.

LSA's 2018 fiscal impact statement for HB 1099 (which did not pass this session) included Food & Beverage Tax revenue projections for each county in Indiana, based on the collections of the current counties and municipalities that impose the tax. For Lake County, LSA estimated \$9.4 million in revenues for calendar year 2019 and \$9.8 million in 2020. Note: If Lake County implements the Food & Beverage tax and desires to use those revenues to secure a bond issue, bondholders and rating agencies may require a backup source of funding, at least until the County has several years of actual revenues from this source.”

“2. Existing TIF Revenues. There are currently 54 different Tax Increment Financing districts within Lake County. For calendar year 2015, the most recent year for which data is available online, the Indiana Department of Local Governments reported revenues of \$66.47 million from all 54 TIF districts, based on an incremental assessed value of \$1.657 billion. Individual TIF district revenues vary widely, with 8 districts reporting no revenues in 2015 while the Whiting Allocation Area reported \$15.46 million and two districts in Hobart reported revenues of over \$4 million each. If the site selected is in an existing TIF district that has capacity (i.e., available revenues), those revenues could become available for this project.”

Updates

This report provides an updated overview of available funding mechanisms and strategies and how they could be applied to this project. It also includes a discussion of various public-private partnership models.

An aerial photograph of a suburban neighborhood, featuring a large, winding pond in the center. The houses are densely packed, and the streets are visible. The entire image is overlaid with a semi-transparent blue filter. The sky is filled with scattered clouds, and the overall tone is cool and professional.

3. Market Analysis

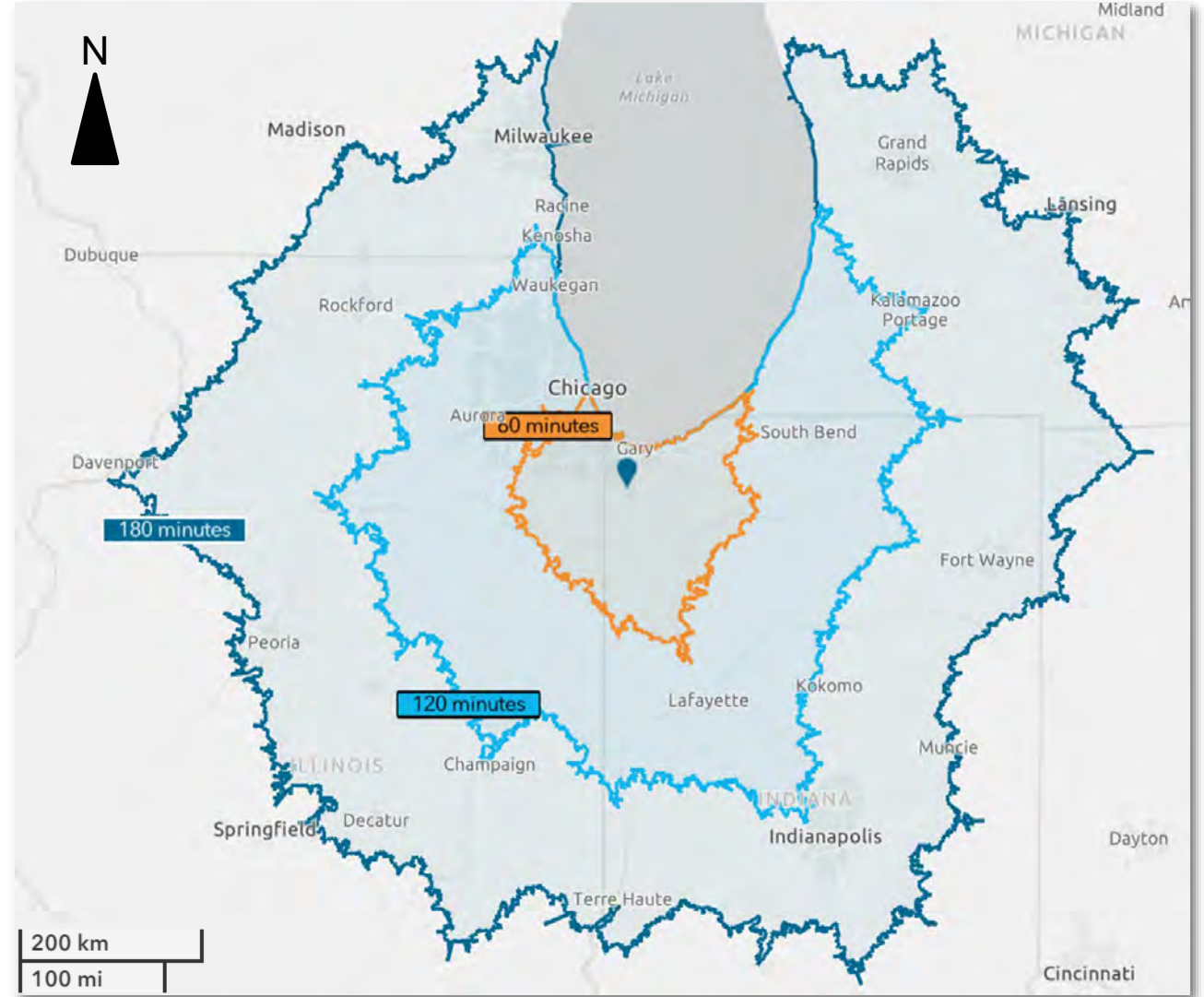
Overview

With a review of the prior report complete, we now move on to our updated analysis of the potential for a Lake County convention center.

Lake County is located in Northwest Indiana bordering Lake Michigan and is part of the Chicago Metropolitan area, the fourth largest metropolitan area in the United States and the largest in the Midwest.

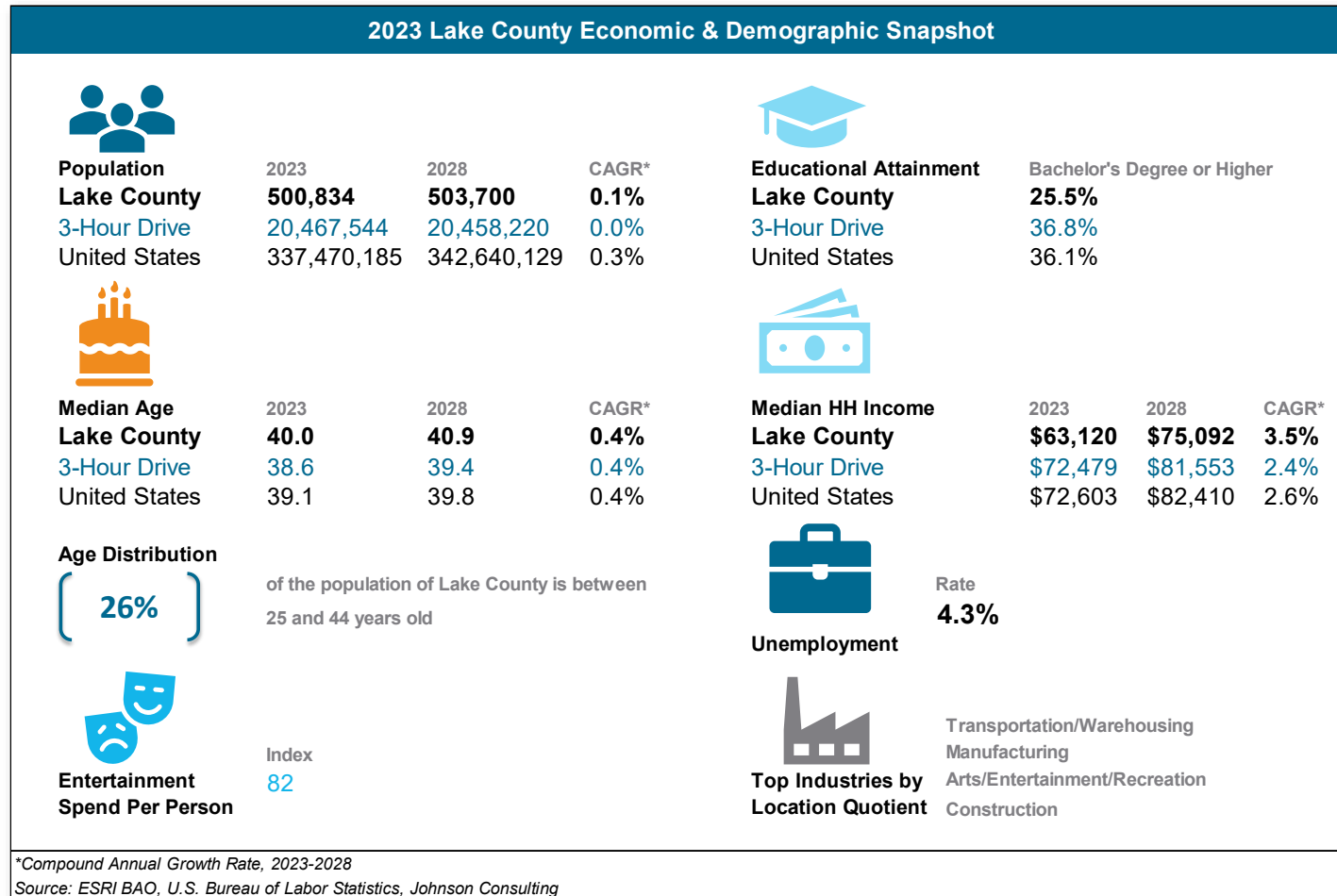
Lake County is easily accessible by car, several public transit providers, passenger/commuter rail providers (Northern Indiana Commuter Transportation District (South Shore Line) and Amtrak) and several airports including Chicago Midway International Airport, Gary Chicago International Airport, and O'Hare International Airport.

To analyze market opportunities in Lake County, the consulting team undertook an analysis of a 60-minute, 120-minute, and 180-minute drive time, which is the likely distance for travel to events in Lake County and will be compared to the demographics of the City, County, State, and Nation.



2023 Lake County Economic & Demographic Snapshot

Lake County's population represents a small part of the large population (20.5 million residents) within a 3-hour drive time radius. This greater radius includes the Chicago, Milwaukee, and Indianapolis metropolitan areas. Its median age skews older than both the three-hour drive time radius and the national average, while educational attainment, specifically attainment of a Bachelor's Degree or higher, remains low. Reflective of these demographics, the median household income is also low, and the expenditure on entertainment falls below the national average benchmark of 100.



*Compound Annual Growth Rate, 2023-2028

Source: ESRI BAO, U.S. Bureau of Labor Statistics, Johnson Consulting

Municipality Comparisons

Among all municipalities benchmarked, Hammond boasts the highest population in 2023, closely trailed by Gary. However, projections indicate a small amount of anticipated growth in other municipalities over the next five years, contrasting with the stagnant outlook for Hammond, Gary, and East Chicago.

East Chicago stands out with the youngest median age for 2023. However, this youthful population is coupled with the lowest median household income for the same year. Conversely, Crown Point exhibits the opposite trend, with the highest median age correlating with the highest median household income in 2023.

Merrillville emerges as the municipality with the most businesses. However, Hammond takes the lead in terms of employment, boasting the highest number of employees, and also recorded the highest retail sales in 2023.

Municipality Comparisons						
Demographic Variable	Crown Point	East Chicago	Gary	Hammond	Hobart	Merrillville
Total Population (2000)	22,869	32,406	102,745	83,104	25,469	30,709
Total Population (2010)	29,502	29,698	80,294	80,855	29,254	35,102
Total Population (2023)	35,207	26,126	68,628	76,319	29,146	36,798
Total Population (2028)	35,746	25,771	68,139	75,705	29,567	37,262
CAGR (2010-2023)	1.6%	-1.2%	-1.4%	-0.5%	0.0%	0.4%
CAGR (2023-2028)	0.1%	-0.1%	-0.1%	-0.1%	0.1%	0.1%
Median Age (2010)	40.2	31.2	36.7	33.4	38.0	36.6
Median Age (2023)	42.6	33.4	39.0	36.0	41.3	39.2
Median Age (2028)	43.5	33.8	39.8	36.8	42.4	40.0
Median Household Income (2023)	\$87,656	\$38,210	\$35,617	\$50,291	\$66,075	\$63,828
Median Household Income (2028)	\$100,817	\$43,039	\$39,840	\$56,543	\$78,668	\$75,216
CAGR (2023-2028)	1.3%	1.1%	1.0%	1.1%	1.6%	1.5%
Total Retail (SIC01-99) Sales (2023)	\$2,283,949,000	\$2,424,006,000	\$3,583,684,000	\$5,557,737,000	\$2,587,813,000	\$3,554,267,000
Total (SIC01-99) Businesses (2023)	1,446	729	1,781	1,949	1,233	2,204
Total (SIC01-99) Employees (2023)	17,818	9,867	20,709	31,595	14,589	26,716

Sources: Esri, Johnson Consulting

Employment Profile

The top 3 industries with the highest number of employees in Lake County are:

- Manufacturing
- Health Care / Social Assistance
- Retail Trade

Lake County has a particularly high concentration of employees in Manufacturing and Transportation / Warehousing (both 1.5 times the national average), and Arts / Entertainment / Recreation (1.2 times the national average). The former two concentrations point to the County's status as a manufacturing and logistics hub, particularly with regards to the steel industry, and the later concentration alludes to the presence of the Indiana Dunes National Park in adjacent Porter County.

Hospitality, culture/ entertainment, healthcare, retail, and distribution are natural bases for economic growth in Lake County. Additionally, regional economic development stakeholders are working to penetrate the education and tech sectors. This is a long-term strategy and is expected to be the framework for regional growth.

2023 Employment Location Quotient by Industry Sector

Sector	Lake County		United States		Location Quotient
	# of	% of Workforce	# of	% of Workforce	
Manufacturing	34,079	24.5%	16,270,228	10.0%	1.5
Health Care/Social Assistance	33,751	24.3%	22,116,242	13.6%	1.1
Retail Trade	24,973	17.9%	16,983,986	10.5%	1.0
Transportation/Warehousing	19,053	13.7%	9,030,322	5.6%	1.5
Educational Services	18,869	13.6%	14,946,588	9.2%	0.9
Construction	17,733	12.7%	11,436,649	7.1%	1.1
Accommodation/Food Services	16,274	11.7%	10,883,548	6.7%	1.0
Professional/Scientific/Tech Services	13,432	9.7%	13,955,935	8.6%	0.7
Other Services (excl Public Administration)	11,345	8.2%	7,645,915	4.7%	1.0
Admin/Support/Waste Management Services	8,401	6.0%	7,195,390	4.4%	0.8
Finance/Insurance	7,808	5.6%	8,135,458	5.0%	0.7
Public Administration	7,745	5.6%	7,857,372	4.8%	0.7
Arts/Entertainment/Recreation	6,242	4.5%	3,578,196	2.2%	1.2
Real Estate/Rental/Leasing	3,792	2.7%	2,901,448	1.8%	0.9
Wholesale Trade	3,297	2.4%	3,029,991	1.9%	0.8
Information	2,994	2.2%	3,143,967	1.9%	0.7
Utilities	1,990	1.4%	1,335,596	0.8%	1.0
Agriculture/Forestry/Fishing/Hunting	668	0.5%	1,800,364	1.1%	0.3
Management of Companies/Enterprises	202	0.1%	216,593	0.1%	0.7
Mining/Quarrying/Oil & Gas Extraction	151	0.1%	572,355	0.4%	0.2
Total	232,799		163,036,143		

Sources: Esri, Johnson Consulting

Employment Profile

A strong corporate and business presence can be important in the success of any event and entertainment venue because local businesses support facilities by attracting residents to the area, and providing disposable income, as well as through their requirement for event space, and through donations, sponsorships and advertising. The County's economic base is diverse, with the largest employers being Cleveland Cliffs-Indiana Harbor, Franciscan Health Dyer, and Strack & Van Till. These organizations span the manufacturing, healthcare and retail sectors.

High unemployment rates are indicative of socioeconomic challenges, while low unemployment rates can reflect issues like qualified workforce shortages. Lake County's unemployment rate (4.3 percent in 2022) was higher than both the national (3.3 percent) and State (2.6 percent) rates.

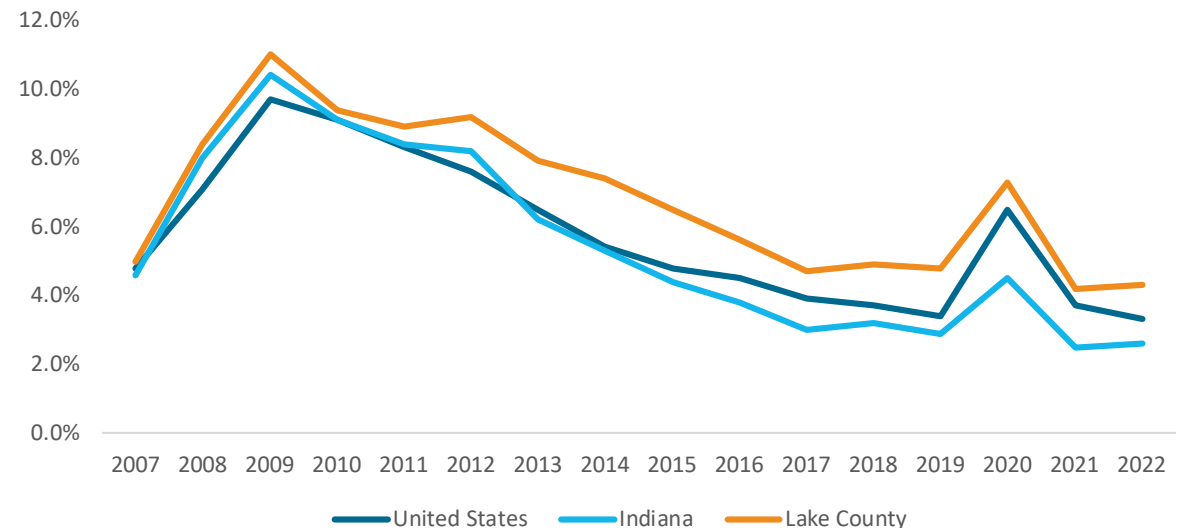
Between 2018 and 2022, Lake County's unemployment rate tracked above both the State and national averages. Since unemployment rates don't always capture the entire picture as they ignore variables like underemployment and labor participation rate, high unemployment in Lake County does not fully reflect the overall health of the local economy.

Major Employers in Lake County (1,000+ Employees)

Employer	Employment
Cleveland Cliffs-Indiana Harbor	3,715
Franciscan Health Dyer	3,064
Strack & Van Till	3,000
NIPSCO/NiSource	2,800
Community Hospital	2,620
Methodist Hospital Northlake	2,292
Alverno Clinical Labs LLC	2,000
Franciscan Health	1,861
Methodist Hospital Southlake	1,507
Bulkmatic Transport Co	1,300

Source: Lake County IN Economic Alliance, Johnson Consulting

Unemployment Rate



Sources: Bureau of Labor Statistics, Johnson Consulting

Rail Developments

The Indiana Gateway Project, completed in 2017, improved passenger rail service in Northwest Indiana between Porter, IN, and the Illinois state line.

In 2014, the RDA funded a 20-year Strategic Business Plan to expand the South Shore Line, with a completion year of 2024. This plan identified two opportunities, Double Track and the West Lake Corridor. The \$643 million Double Track is installing parallel double tracks between Gary and Michigan City to allow for express routes and increased reliability. Other improvements include high-level platforms at all rail stations to reduce boarding times, rail re-routing and station improvements at Gary Miller and Michigan City, additional parking and new rolling stock. This will add 14 weekday trains to the SSL, which should reduce delays and improve travel times.

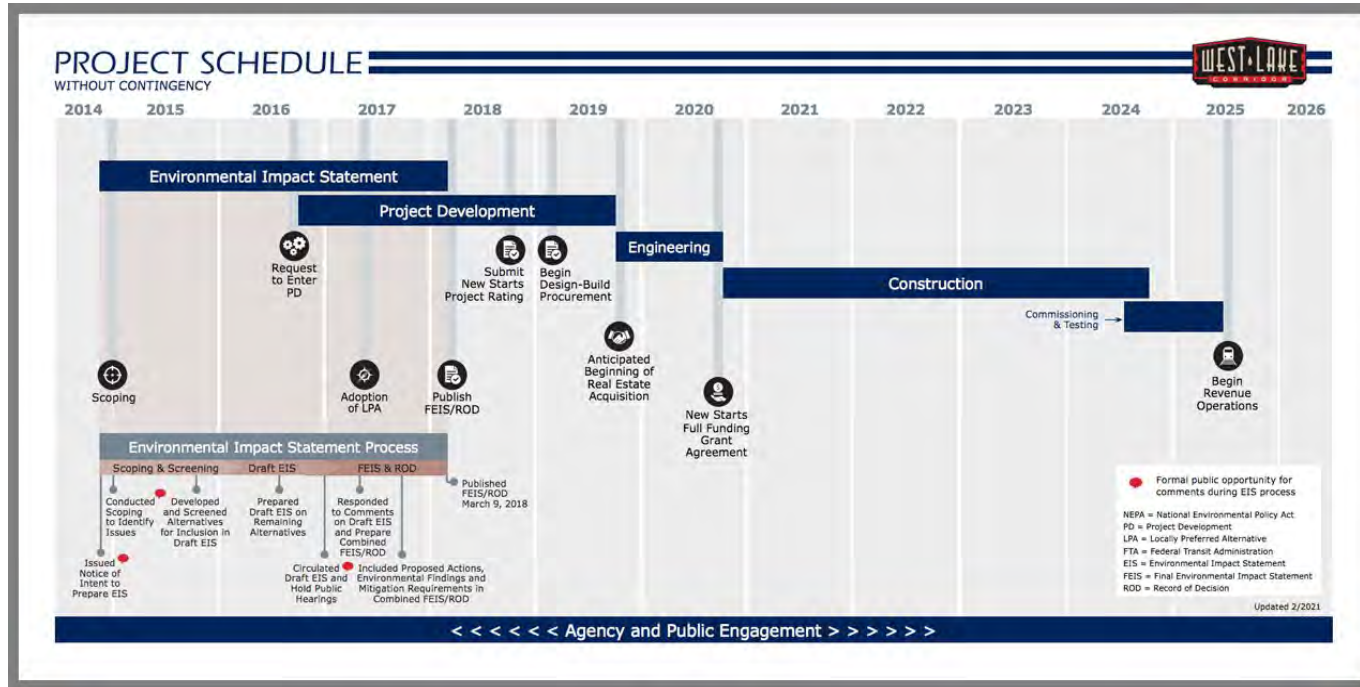
As of January, the project was scheduled to begin revenue service in May 2024.



Source: insideindianabusiness.com

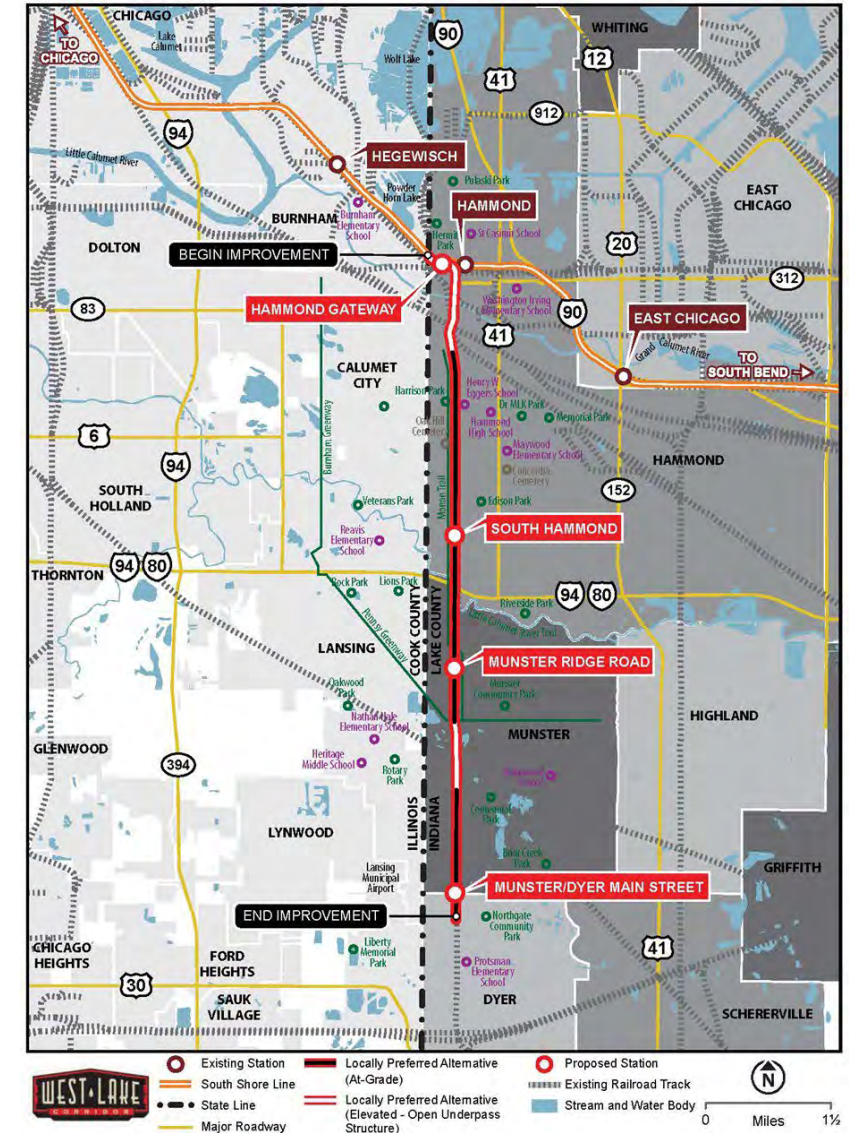
Rail Developments Cont.

The \$852 million West Lake Corridor Commuter Rail Project is the first new extension in the history of the South Shore Line. This project will add an 8-mile southern branch to the South Shore Line to add further rail service to higher-growth areas of Lake County. It will begin in Hammond, IN and extend from there to Dyer, IN. The project, which was 62% complete as of January 2024, also includes four new stations, a maintenance and storage facility, refurbishment of 32 rail cars, and construction of 2,322 parking spaces. Trains are intended to operate on the line by 2025.



Source: munster.org

WEST LAKE CORRIDOR PROJECT MAP - HAMMOND, IN TO DYER, IN



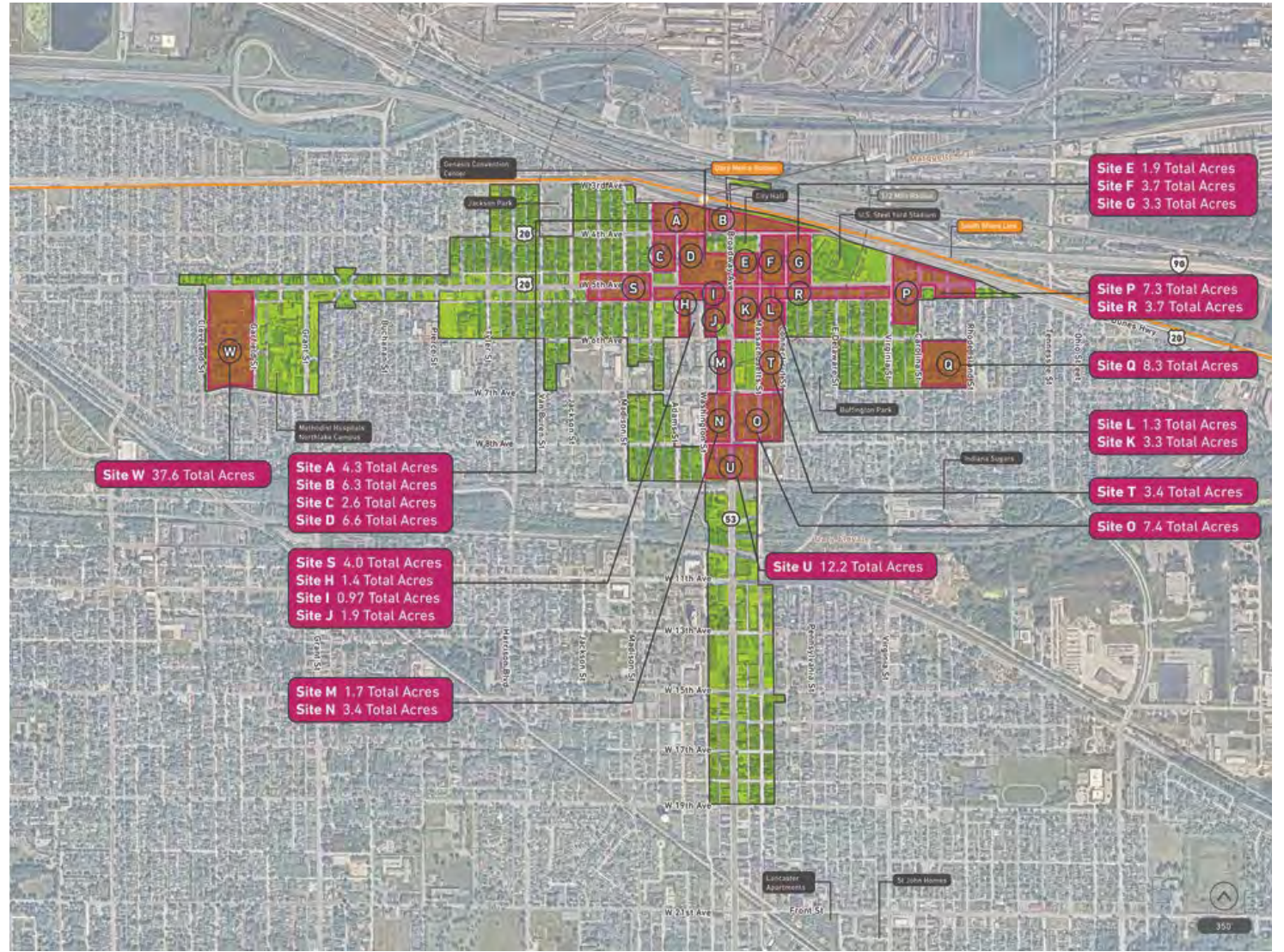
Source: munster.org

Rail Developments Cont. – Transit Development Districts (TDD)

A Transit Development District (TDD) is a boundary around a station, no more than 0.5 square miles (320 acres) in area, with the objective to create a district calibrated specifically for each community based on analysis, areas of opportunity, and the goals and visions of the community.

As of January 2024, ten TDDs had been established, seven of which are in the Lake County communities of Munster, Dyer, Hammond, East Chicago and Gary. The map to the right shows potential development opportunities within the Gary Metro TDD Boundary.

Within the Transit Development Districts, the RDA can fund infrastructure improvements and development incentives to encourage Transit-Oriented Development. According to an RDA analysis done as part of its 2016 Strategic Plan update, the West Lake and Double Track projects are projected to bring more than \$2.5 billion in development to Northwest Indiana over the next two decades.



Source: nwitdd.com

Economic Development Initiatives

In addition to the rail developments, local economic development bodies have been pursuing various initiatives to diversify and strengthen Lake County's economy. Below is a selection of these initiatives and pursuits, which could create more local demand for meeting space at a new Lake County convention center:

- The Northern Indiana Public Service Company (NIPSCO) has been decommissioning coal-burning power stations and replacing them with renewable sources, as solar panels. This could help attract renewable energy companies to Lake County as the industry expands.
- Fiber-optic cable is being installed and activated along the I-90 corridor through Lake County. This, in tandem with the Indiana Data Center development in Hammond will improve Lake County's connectivity, making it more attractive to high-tech companies.

Lake County's business-friendly environment, transportation connections, and proximity to Chicago position it perfectly to be a central hub of tech innovation and commerce within the Great Lakes Region. These initiatives would pair perfectly with a new convention center, providing the necessary infrastructure to carry Lake County's economy into a high-tech, digital future.

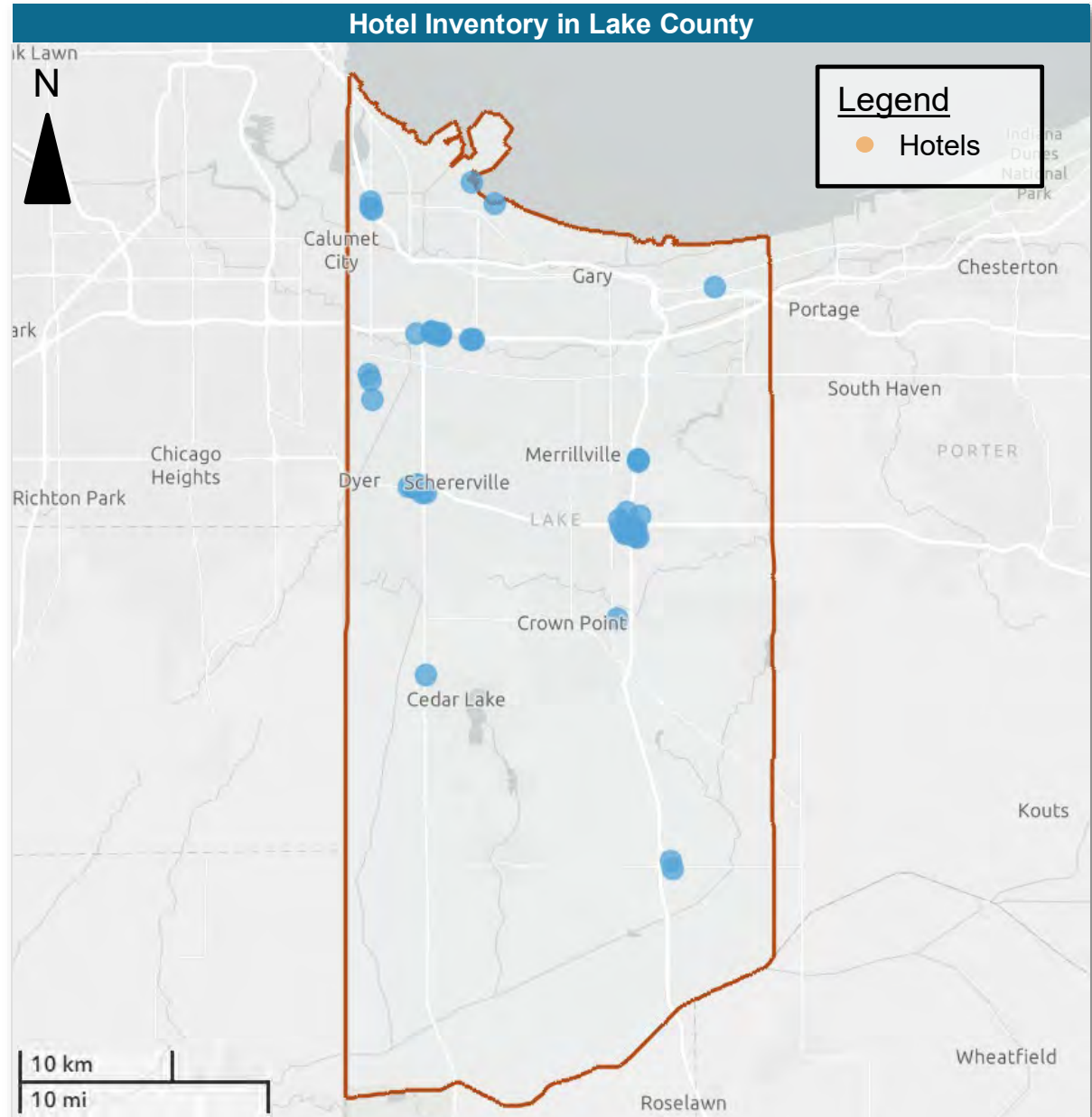


Map courtesy of One Region

Hotel Inventory

Lake County has a robust inventory of hotels, with 58 properties totaling 5,050 rooms. However, despite an abundance of rooms, Lake County has only one full-service hotel, (defined in this case as hotels offering a restaurant, room service, and workout facilities), the Hilton Garden Inn Merrillville.

While these hotels are fairly spread out, there are clusters between Calumet City and Schererville, near Calumet City, Crown Point, and Schererville.



Hotel Inventory Cont.

The 58 hotels in Lake County have a total meeting space of 51,002 square feet. ADR and RevPAR have recovered and exceeded pre-covid levels, but occupancy has declined the last two years. On the whole, the hotel market is stable, serving as a cheaper alternative to hotels in central Chicago. However, the lack of tourist attractions within Lake County itself means that the market is not particularly dynamic.

Lake County Hotel Inventory (100+ Rooms)

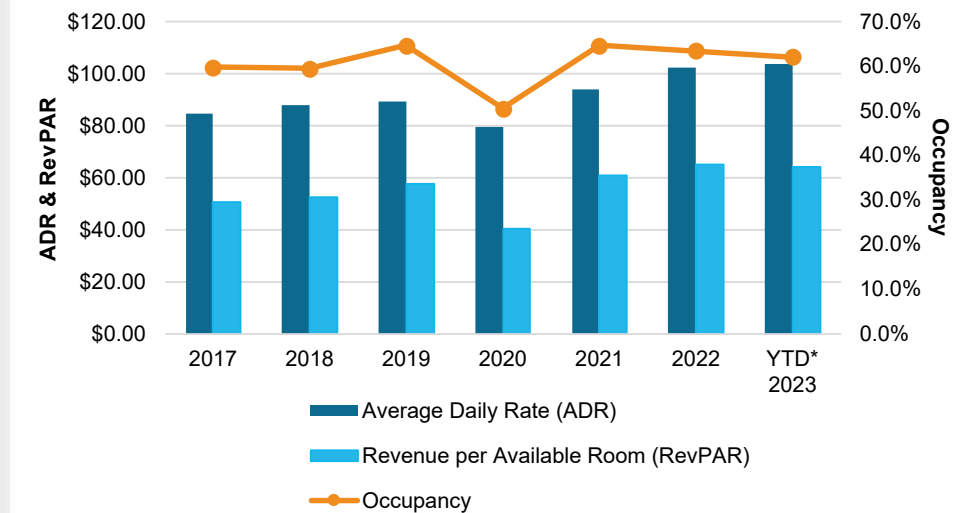
Hotel	Class	Distance from Lake County (mi)	Year Built (Renovated)	# of Rooms	Meeting Space	Largest Meeting Room
Ameristar Hotel & Casino East Chicago	Economy	18.6	1997 (2012)	288	5,368	2,684
Days Inn Hammond	Economy	21.5	1965	151	3,120	2,000
Majestic Star Casino & Hotel	Upper Midscale	17.9	1996	150	5,684	3,800
Motel 6 Hammond - Chicago Area	Economy	12.4	1979	132	-	-
Best Western Northwest Indiana Inn	Midscale	2.9	1971	129	2,400	1,600
Home2 Suites by Hilton Hammond	Upper Midscale	14.8	2022	127	-	-
Hilton Garden Inn Merrillville	Upscale	2.2	2008	124	3,984	2,590
WoodSpring Suites Merrillville	Economy	2.8	2019	123	-	-
Norwood Inn & Suites Merrillville	Economy	2.9	1978 (2013)	121	225	225
Hampton Inn & Suites Hammond	Upper Midscale	14.6	2016	117	1,170	1,170
Holiday Inn Express & Suites Hammond	Upper Midscale	14.8	2018	113	1,500	1,500
Mosley Motel	Economy	13.3	1960	113	-	-
Fairfield Inn & Suites Merrillville	Upper Midscale	3.7	1990 (2012)	112	-	-
Clarion Inn Merrillville	Upper Midscale	3.9	1987 (2012)	112	3,328	1,664
FairBridge Inn Express, Merrillville	Midscale	2.9	1982	110	180	180
Extended Stay America Merrillville - US Rte 30	Midscale	3	1996 (2005)	105	-	-
Red Roof Inn Merrillville	Economy	3.6	1974 (2012)	103	-	-
Ramada Hammond Hotel & Conference Center	Midscale	21.2	1961	100	10,000	8,037
Totals (all 58 properties)				5,050	51,002	

Hotels with 100+ rooms within Lake County, as defined by CoStar.

*Hotels with under 100 rooms are hidden

Sources: CoStar, Johnson Consulting

Lake County Hotel Market Performance



*YTD data as of November, 2023

Sources: CoStar, Johnson Consulting

Hotel Pipeline

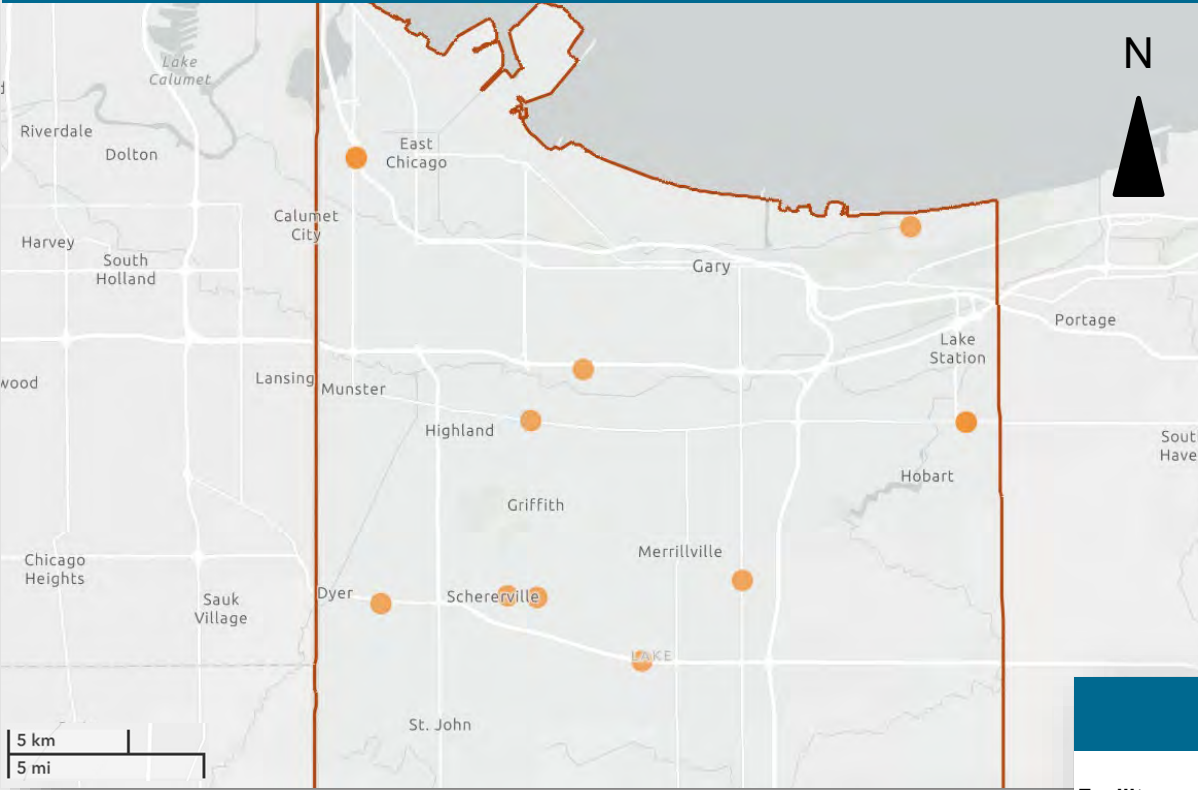
There are currently 1,029 rooms planned to enter the Lake County hotel market by 2030. 315 of these rooms will enter the market in 2024, including the TownePlace Suites by Marriott Crown Point, the Hyatt Place Munster, and the Tru by Hilton Merrillville, all in their respective listed cities.

The Chicago market is dynamic and, with strategic planning, Lake County can capture more of its room nights and hotel development. A program which incentivizes hotels to add meeting space would diversify demand and visitation in Lake County as a whole, helping improve its destination status and support the contemplated convention center.

Lake County Hotel Pipeline				
Hotel	Class	Phase	Opening	Number of Rooms
Unnamed Hotel 1 @ The Farm	Upscale	Proposed	2030	125
TownePlace Suites by Marriott Crown Point	Upper Midscale	Under Construction	2024	112
Hyatt Place Munster	Upscale	Under Construction	2024	102
Home2 Suites by Hilton Munster	Upper Midscale	Proposed	2026	107
Tru by Hilton Merrillville	Midscale	Under Construction	2024	101
Microtel Inn & Suites by Wyndham Gary	Economy	Final Planning	2025	83
Staybridge Suites Chicago Southeast - Hammond	Upscale	Proposed	2026	90
Holiday Inn Express Crown Point	Upper Midscale	Final Planning	2026	90
SpringHill Suites By Marriott Chicago Southeast/Hammond, IN	Upscale	Final Planning	2025	63
TownePlace Suites By Marriott Chicago Southeast/Hammond, IN	Upper Midscale	Final Planning	2025	58
Home2 Suites by Hilton Schererville	Upper Midscale	Proposed	2027	98
Total				1,029

Sources: CoStar, Johnson Consulting

Lake County Event Facilities (Minimum 5,000 SF Largest Space)



Event Space Inventory – Lake County

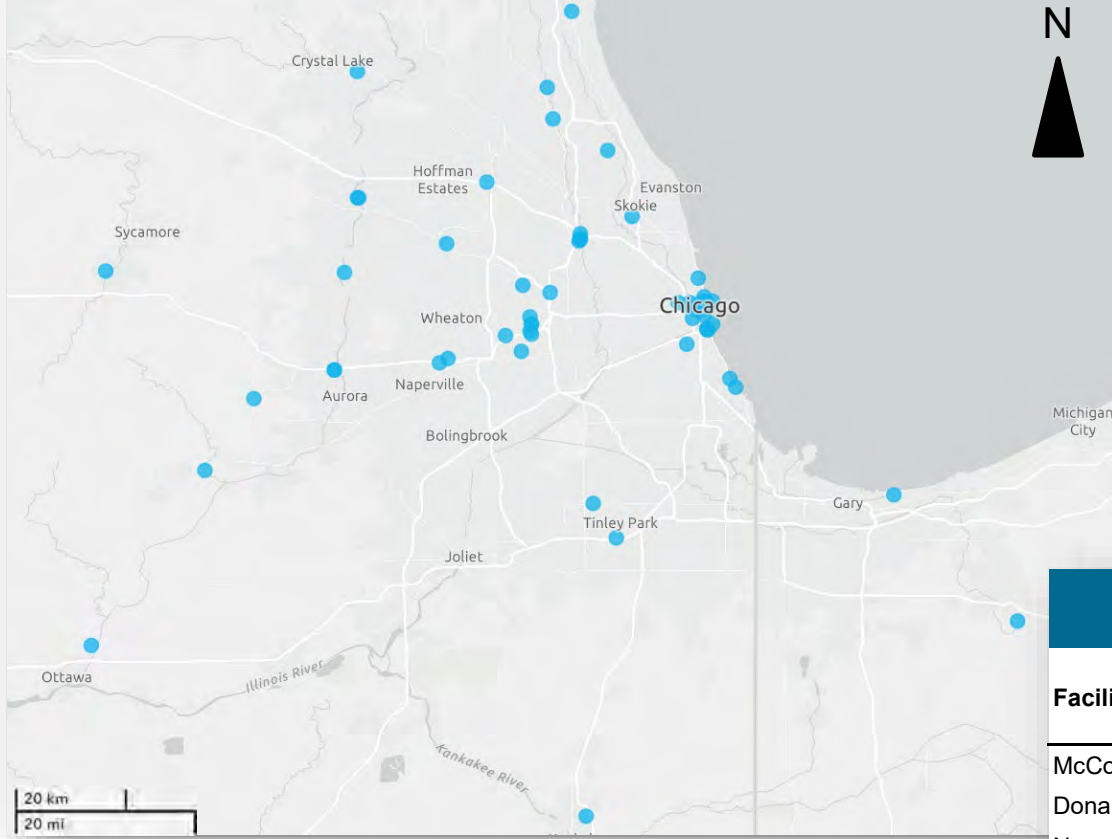
Lake County has 13 event facilities with at least 5,000 square feet of maximum contiguous space (or a capacity equivalent). The largest event facilities in the market – Marquette Park and Horseshoe Hammond – are located only 13 miles apart and have 12,000 and 8,950 square feet of largest space, respectively. As can be seen, the county lacks a true convention center, especially given that the Horseshoe Casino has not hosted events since the COVID-19 pandemic and has no imminent plans to return to the market.

Competitive Event Facilities in Lake County (Minimum 5,000 SF Largest Space)

Facility	# of Guest Rooms	# of Meeting Rooms	Largest Space	Total Space	Capacity (min 416)
Marquette Park	-	1	12,000	28,650	-
Ramada by Wyndham Hammond Hotel & Conference Center	-	9	8,037	10,000	-
Dynasty Banquets	-	-	7,695	22,485	600
Ameristar East Chicago	-	3	5,000	5,400	-
Avalon Manor	-	4	2,450	16,500	900
Totals (all 12 properties)				404,135	

Sources: Cvent, South Shore Indiana website, Relevant Facilities, Johnson Consulting

Chicago Metro Event Facilities (Minimum 10,000 SF Largest Space)



Event Space Inventory – Chicago Metro

The Chicago Metro has 66 event facilities with at least 10,000 square feet of maximum contiguous space.

The largest event facilities in the market – the Donald E. Stephens Convention Center, the Navy Pier in Chicago, and the Renaissance Schaumburg Convention Center Hotel, have 250,000, 170,100, and 160,000 square feet of largest space, respectively.

There are virtually no facilities serving the southern tier of the greater Chicagoland market, which has millions of residents that are underserved.

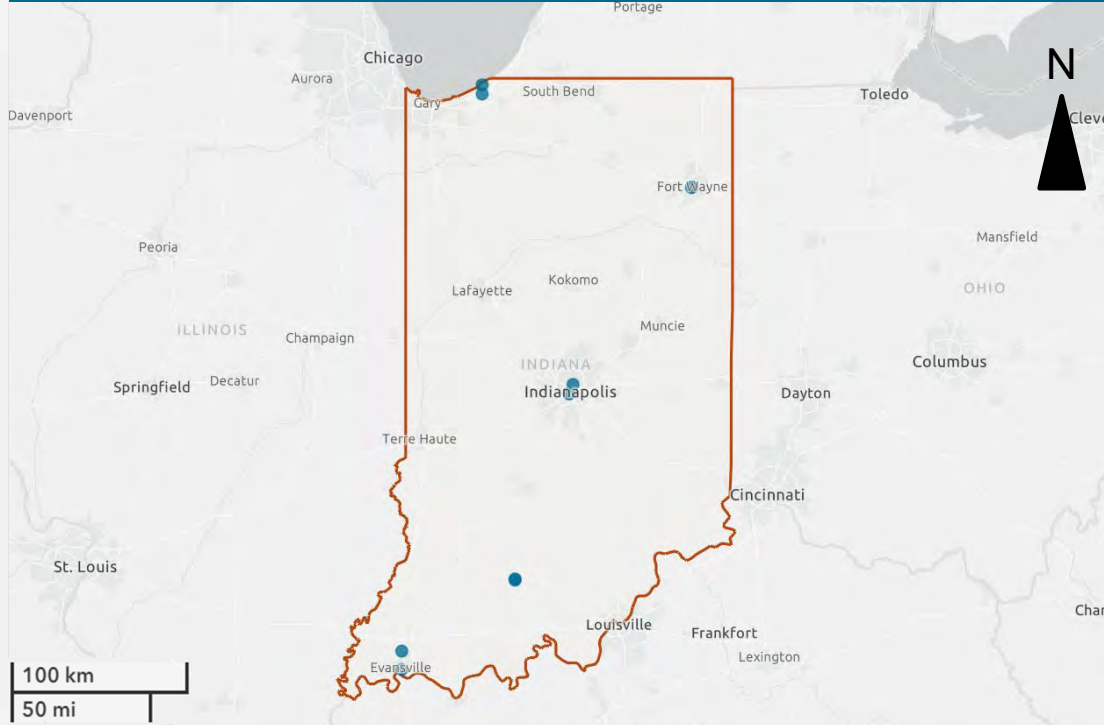
Competitive Event Facilities in Chicago Metro (Minimum 10,000 SF Largest Space)

Facility	# of Guest Rooms	# of Meeting Rooms	Largest Space	Total Space
McCormick Place	-	173	840,000	2,463,100
Donald E. Stephens Convention Center	-	57	567,000	861,000
Navy Pier - Chicago	-	34	170,100	232,100
Renaissance Schaumburg Convention Center Hotel	500	25	97,200	142,400
Hyatt Regency McCormick Place Chicago	1,258	50	70,000	186,700
Lincoln Park Conservatory & Gardens	-	3	51,200	92,400
Totals (all 64 properties)				6,149,860

Sources: Cvent, Relevant Facilities, Johnson Consulting

*Facilities under 50,000 square feet of largest space are hidden

Indiana Event Facilities (Minimum 30,000 SF Largest Space)



Event Space Inventory – Indiana

Indiana has 10 event facilities with at least 30,000 square feet of maximum contiguous space. These facilities would be most competitive with the contemplated convention center for rotating state association conferences and Indiana government events.

The largest event facilities in the market – the Indiana State Fairgrounds and Event Center and the Indiana Convention Center & Lucas Oil Stadium, have 147,040 and 98,154 square feet, respectively.

Since there are small clusters in Fort Wayne, Indianapolis, and Evansville, the state could benefit from having an event facility in the northwestern part of the state.

Competitive Event Facilities in Indiana (Minimum 30,000 SF Largest Space)

Facility	# of Guest Rooms	# of Meeting Rooms	Largest Space	Total Space
Indiana Convention Center & Lucas Oil Stadium	-	134	566,600	749,000
Indiana State Fairgrounds and Event Center	-	17	147,040	1,000,000
Grand Wayne Convention Center	-	18	50,000	225,000
Hilton Fort Wayne at the Grand Wayne Convention Center	246	15	48,600	110,000
Vanderburgh 4-H Center	-	5	45,000	64,588
JW Marriott Indianapolis	1,013	54	40,500	102,755
Old National Events Plaza	-	16	36,252	95,000
West Baden Springs Hotel	243	10	34,834	246,000
Microtel Inn & Suites by Wyndham Michigan City	68	1	32,000	-
French Lick Resort	443	20	31,624	105,000
Blue Chip Casino Hotel & Spa	486	8	20,000	65,000
Totals (all 11 properties)				2,657,343

Sources: Cvent, Relevant Facilities, Johnson Consulting

Radisson Hotel at Star Plaza

Prior to its closing in 2016 and ultimate demolition in 2017, the Radisson Hotel at Star Plaza served as Lake County's primary venue for non-local events such as conferences and small conventions. The facility, which opened in 1969 and was added onto numerous times over its lifespan, featured 24,700 square feet of total function space, including a 12,200 square foot ballroom and 12,500 square feet of meeting space spread across 18 meeting rooms. The hotel itself had 330 rooms. Also present on the site was the Star Plaza Theater, a 3,400-seat music venue which was demolished in 2018.

When the hotel was operating, it hosted numerous events, typically at least one every day. Its largest event categories were state association events (which were cyclical, tending to rotate between various locations around Indiana), some regional corporate events, some religious conventions, and many social events such as weddings and galas. Many of these events have since left Lake County and could potentially be recaptured by a new Convention Center.

The Radisson faced several challenges from an event business perspective. First and foremost was its lack of exhibit space, which forced it to turn away many events requiring an expo hall. Additionally, the facility wasn't close enough to the nearest major airport, Chicago-Midway, to draw in national business, nor did it significantly penetrate the Chicago market. However, it was busy enough to generate fairly strong revenue for a facility of its size – former management report that event revenue averaged roughly \$6 million annually – and performed well within the local and regional market.

Ultimately, the Radisson Hotel was shuttered due to the mounting capital costs associated with maintaining the building. In addition to the various core systems that needed to be replaced, the building was beginning to show aesthetic wear and tear, and the ownership group ultimately decided that the investment required to bring it up to market standard was not worthwhile. Its closing left a significant hole in Lake County's market for event space, which has yet to be filled.

Radisson Hotel at Star Plaza (Closed 2016) Facilities Summary

Year Opened	1969
Exhibit Space (SF)	-
Ballroom Space (SF)	12,200
Meeting Space (SF)	12,500
Total Function Space (SF)	24,700
Largest Space (SF)	12,200
Meeting Rooms	18
Hotel Rooms	330

Source: Johnson Consulting





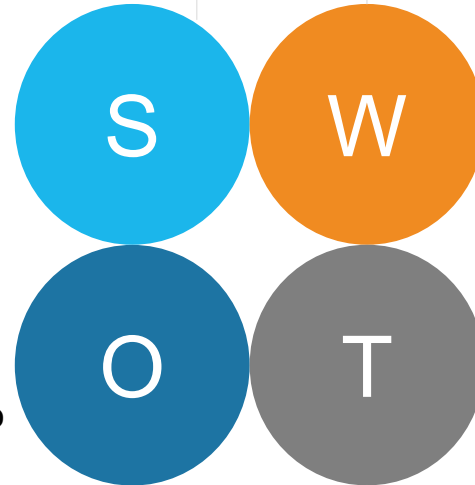
Strengths

- Growing median household incomes
- Large inventory of hotel rooms
- Diversity of transportation options
- Access to large regional population base
- Codifying regional development strategies



Opportunities

- Drawing from throughout the Chicago Metro Area
- Appealing to families leaving larger metro areas
- Growing rail improvements and developments
- Large hotel pipeline
- Future economic development activity in TDDs



Weaknesses



- Higher unemployment rates compared to the US and the State
- Lower propensity to spend on entertainment and recreation
- Undersupply of full-service hotel inventory
- Lack of local tourist attractions

Threats



- Large square footage of existing convention center supply within the Chicagoland market
- Competitive market for convention centers in Indiana for state association events.

Observations

- The loss of the Radisson Star Plaza's event space has not only left Lake County without adequate facilities to host meetings and conferences, it has also deprived the local hospitality industry of the traffic those events provided. When the Radisson closed, its 350+ annual events and \$6 million in events revenue essentially evaporated from the county, with most non-local events (e.g., state association meetings, regional conferences) going to other communities. A new convention center would have the opportunity to recapture much of this demand, and also add larger cultural events, conventions, and trade shows.
- Lake County, in addition to its deficit of dedicated event facilities, lacks hotels with significant meeting space. This limits the demand for those hotels, as well as for Lake County as a whole, which is less equipped to tap into smaller conferences, weddings, banquets, galas, and other typical hotel-hosted events. Incentivizing hotels, as well as casinos, to have event space would lift up Lake County's hospitality industry as a whole, helping provide a stronger destination amenity base for a new convention center.
- It will be important to be broad in defining the demand layers for a new convention center – fairgrounds-type events, social events, consumer shows, and other categories beyond the traditional trade shows and conventions can be key parts of a convention center's calendar. Additionally, collaboration between Lake County's various assets, including educational institutions, businesses, the SSCVA, and economic development organizations will be helpful for hosting events that one body alone wouldn't be able to secure.
- The benefits of a convention center in Lake County go beyond the county itself, extending to Northwest Indiana and even the State as a whole. The State of Indiana has been very successful in its operation of the Indiana Convention Center, and should be a critical partner in this project, both financially and from an advisory/stewardship perspective.

An aerial photograph of a suburban neighborhood, featuring a large, winding lake in the center. The houses are densely packed, and the sky is a mix of blue and orange, suggesting a sunset or sunrise. The entire image has a blue tint.

4. Case Studies

Prior Report Overview – National Comparable Facilities

The 2018 convention center feasibility analysis performed by CSL examined 18 comparable facilities and markets across North America. These facilities and markets are summarized in the table on the right. The analysis included a variety of factors, including:

- Function space square footage
- Headquarters hotel rooms
- Hotel rooms within ½ mile
 - By chain scale
- Demographic factors within the county and 30-, 90-, and 180-minute drive times
 - Population
 - Average household income
 - Corporate base

2018 CSL Study Comparable Facilities Analyzed

Facility	Location	Total Function Space (SF)
Renaissance Schaumburg Hotel & Convention Center	Schaumburg, IL	145,200
Ontario Convention Center	Ontario, CA	115,000
Overland Park Convention Center	Overland Park, KS	97,600
Tinley Park Convention Center	Tinley Park, IL	82,100
Infinite Energy Forum	Duluth, GA	84,400
Greater Tacoma Convention & Trade Center	Tacoma, WA	75,300
Arlington Convention Center	Arlington, TX	87,100
Grand Wayne Convention Center	Fort Wayne, IN	75,900
Northern Kentucky Convention Center	Covington, KY	82,300
Old National Events Plaza	Evansville, IN	63,000
St. Charles Convention Center	St. Charles, MO	56,800
Mid-America Center	Council Bluffs, IA	48,300
Sharonville Convention Center	Sharonville, OH	58,800
Blue Water Convention Center	Port Huron, MI	30,000
Utah Valley Convention Center	Provo, UT	46,500
Davis Conference Center	Layton, UT	43,500
Sugar Land Marriott Town Square	Sugar Land, TX	26,400
Vancouver Conference Center	Vancouver, WA	30,400

Source: CSL

Overview

In updating the CSL Study, the Consulting Team performed a case study analysis of several convention centers which compare closely with conditions in Lake County or with the program recommended by CSL. We looked at five comparable facilities and markets. The facilities selected are listed below, and summarized in the table to the right.



Overland Park Convention Center
Overland Park, KS



Foxwoods Resort Casino
Ledyard, CT



Gas South Convention Center
Duluth, GA



The Grand Experience Conference Center
West Des Moines, IA



St. Charles Convention Center
St. Charles, MO

Northwest Indiana Convention Center Case Studies					
	Overland Park Convention Center	Foxwoods Resort Casino	Gas South Convention Center	The Grand Experience Conference Center (Proposed)	St. Charles Convention Center
Location	Overland Park, KS	Ledyard, CT	Duluth, GA	West Des Moines, IA	St. Charles, MO
Market Overview (1-Hour Drive Time)					
Population (2023)	2,397,706	1,355,894	5,120,266	920,404	2,684,885
Population (2028)	2,434,735	1,356,105	5,280,495	954,730	2,684,130
Projected Population CAGR* (2023-2028)	0.31%	0.00%	0.62%	0.74%	(0.01%)
Median Household Income	\$75,709	\$80,683	\$80,456	\$75,081	\$73,480
Median Age	38.2	41.9	36.4	37.0	40.1
Hotel Market Within 10-Minute Walk					
Hotel Inventory (Rooms)	824	1,950	309	0	376
12-Month Occupancy	62.5%	56.6%	68.4%	-	65.9%
12-Month Average Daily Rate	\$143	\$188	\$154	-	\$136
12-Month Revenue per Available Room	\$90	\$106	\$105	-	\$90
Location Attributes					
Retail Businesses (10-Minute Walk)	27	29	2	0	10
Daytime Population (10-Minute Walk)	9,351	885	3,655	0	1,757
Distance From Nearest International Airport (Miles)	35.0	41.9	37.3	11.0	8.2
Enplanements Nearest Major Airport (2022)	4,796,476	1,571,905	45,396,001	1,368,130	6,709,080
Facility Attributes					
Year Opened	2002	1997	1992	Proposed	2005
Year Last Renovated	-	2022	2023	-	-
Exhibit Space (SF)	58,494	47,646	89,470	-	27,600
Ballroom Space (SF)	24,991	62,533	21,600	31,000	22,225
Meeting Space (SF)	14,145	11,840	21,618	23,560	7,024
Total Function Space (SF)	97,630	122,019	132,688	54,560	56,849
Largest Space (SF)	58,494	47,646	89,470	31,000	35,700
Meeting Rooms	7	14	24	8	7
Ownership & Management					
Owner	City of Overland Park	Mashantucket Pequot Tribal Nation	Gwinnett County	TBD	City of St. Charles
Operator	OVG	Mashantucket Pequot Tribal Nation	Gwinnett CVB	TBD	OVG
Demand (Most Recent Year Available)					
Number of Events	178	94	200	TBD	181
Total Attendance	253,239	79,050	-	TBD	269,583
Average Attendance per Event	1,423	841	-	TBD	1,489
Attendance per Square Foot	2.59	0.65	-	TBD	4.74
Revenue & Expenses (Most Recent Year Available)					
Total Operating Revenue	\$10,841,057	\$1,874,909	-	TBD	\$7,854,149
Total Operating Expenses	\$10,219,866	-	-	TBD	\$7,359,913
Net Operating Income	\$621,191	-	\$1,300,000	TBD	\$494,236
Revenue per Total Function Space SF	\$111	\$15	-	TBD	\$138

*Compound annual growth rate

Source: Relevant Facilities, Placer.ai, ProPublica, GuideStar, Federal Aviation Administration, CoStar, Esri, Johnson Consulting



Reasons for Selection

The Consulting Team selected these five facilities for deeper analysis due to the following attributes:

Overland Park Convention Center: One of the best facilities in the world relative to its size and, like the proposed Lake County convention center, competes in a regional market with numerous events venues.

Foxwoods Resort Casino: A best-in-class resort/ casino/ convention center that highlights the attributes needed for a successful casino-oriented convention center.

Gas South Convention Center: Competes with numerous venues in the regional market and illustrates the evolution of a mixed-use convention and entertainment district.

The Grand Experience Conference Center: A proposed conference center/ waterpark hotel/ family entertainment center, being built directly adjacent to an existing indoor sports complex. This case study highlights the potential synergies of co-locating sports and convention facilities.

St. Charles Convention Center: A best-in-class smaller convention center and hotel in a dense regional event space market.

Overland Park Convention Center – Overland Park, KS

Location: The Overland Park Convention Center (OPCC) is located in Overland Park, KS, on the southwest side of the Kansas City metro. The facility’s suburban setting limits its walkability and access to amenities, though it is supported by an attached hotel and restaurant, as well as numerous fast and fast casual dining options within a short drive. Importantly, the OPCC is very close to I-435 and has 824 hotel rooms within a 10-minute walk, making it easy to access for drive-to visitors and providing ample options for room blocks at various price points. Additionally, like the Chicago metro, there are numerous corporations headquartered within the the Kansas City metro which help drive business towards the OPCC>

Ownership/Management: The OPCC is owned by the City of Overland Park and managed by Oak View Group.

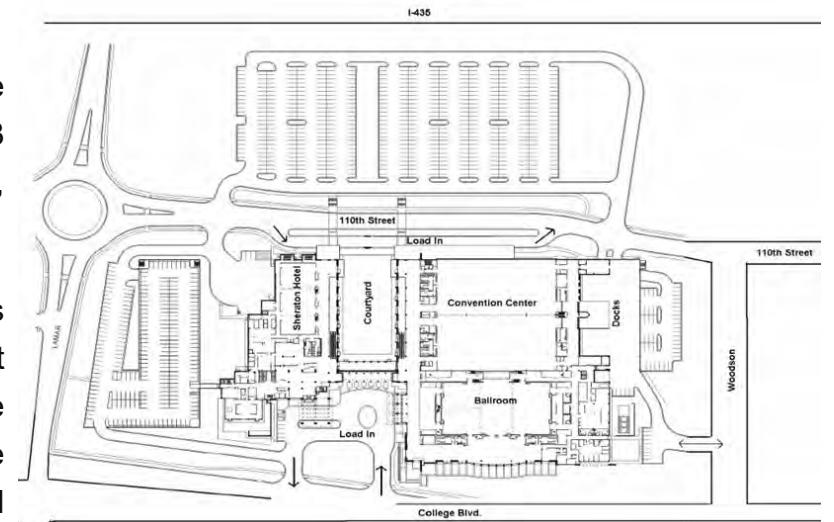
Facilities: The OPCC opened in 2002 and hasn’t undergone a major renovation since opening. Its fairly large exhibit hall – 58,494 square feet – makes it ideal for trade shows and consumer shows, which represented 23 percent of its events in 2022. However, the relative lack of breakout rooms, as well as its suburban location, makes it less of a draw for conventions, and as a result the OPCC only hosted 5 such events in 2022.

This dearth of breakout spaces was noted as a limiting factor by the OPCC’s management team, though it is mitigated somewhat by the facility’s 24,000 square feet of pre-function space, which provides significant flexibility and allows users to “customize” the layout of their events. Additionally, the OPCC is among the industry leaders in activating its pre-function space with elements such as an art gallery, movable lounge furniture, and rolling TV screens. The art gallery has been particularly successful, showcasing local artists and creating a sense of place within the building. Notably, the facility’s management has explored incorporating digital signage and advertising into the pre-function space, but concluded that the return would not be adequate to justify the capital investment.

Overland Park Convention Center Facilities Summary

Year Opened	2002
Year Last Renovated	-
Exhibit Space (SF)	58,494
Ballroom Space (SF)	24,991
Meeting Space (SF)	14,145
Total Function Space (SF)	97,630
Largest Space (SF)	58,494
Meeting Rooms	7

Source: OPCC, Johnson Consulting



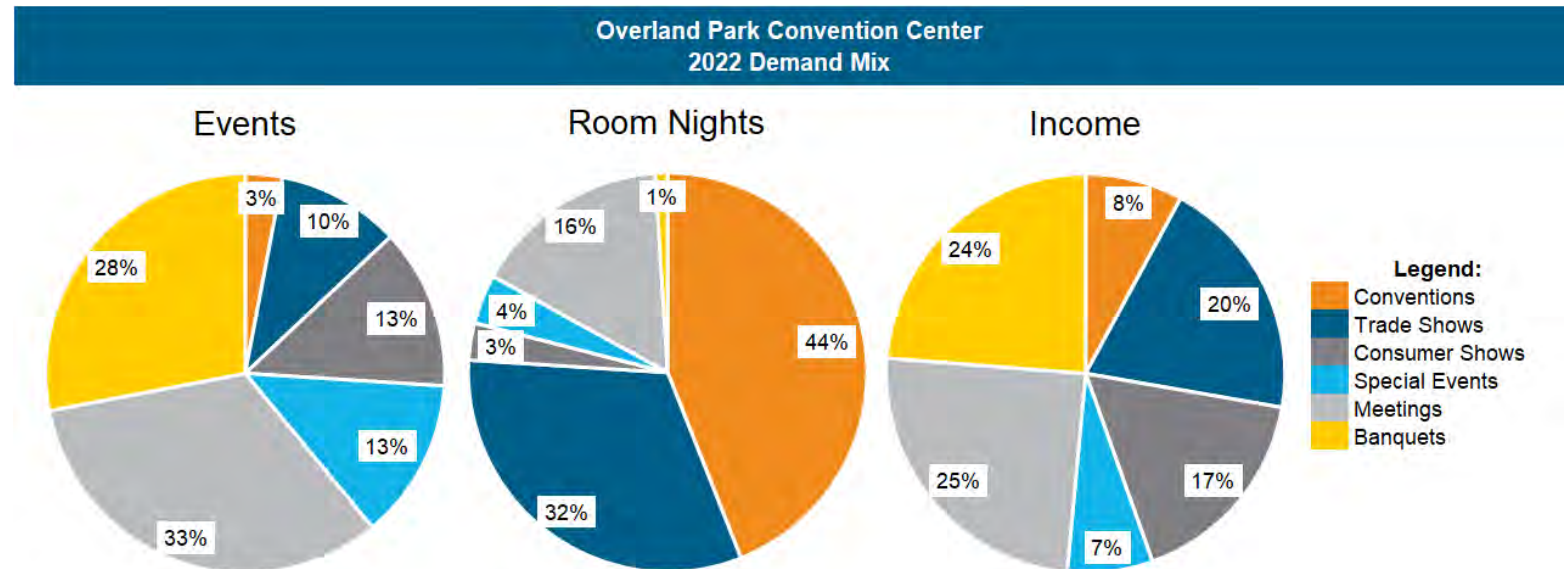
Overland Park Convention Center – Overland Park, KS

Demand: As discussed previously, the OPCC is primarily a local and regional facility, with conventions representing a small part of its overall event demand and income, but a plurality of its room nights generated. Rather, banquets and meetings are the OPCC’s primary event types, with its high-quality, flexible spaces and exemplary staff helping make the facility a popular destination within the region. Overall, the facility’s demand is robust, with 178 events attracting over 250,000 attendees hosted in 2022.

Financials: In 2022, the OPCC report \$10.8 million of revenue and \$10.2 million of expenses leading to a NOI of over \$600,000. This is notable as it is rare for convention centers to turn an operating profit – rather, they are typically subsidized in exchange for their economic and fiscal benefits.

Observations: The OPCC is considered one of the leading convention centers in the United States. In 2023, Exhibitor Magazine named it the best small convention center in North America, noting its flexibility, facility quality, and high level of service. In particular, it exemplifies the creative approaches that are required for smaller convention centers to attract high-value events and perform well from a demand and financial perspective.

In particular, the OPCC’s success despite its limited walkability and access to amenities is instructive for how a convention center could succeed in Lake County’s car-centric landscape. The OPCC succeeds by providing an extremely high-quality product for local events – banquets, meetings, and special events. There is an opportunity for a new facility in Lake County, which would likely have a similar demand composition, to become the pre-eminent destination for these types of events in Northwest Indiana.



Source: OPCC, Johnson Consulting

Foxwoods Resort Casino – Ledyard, CT

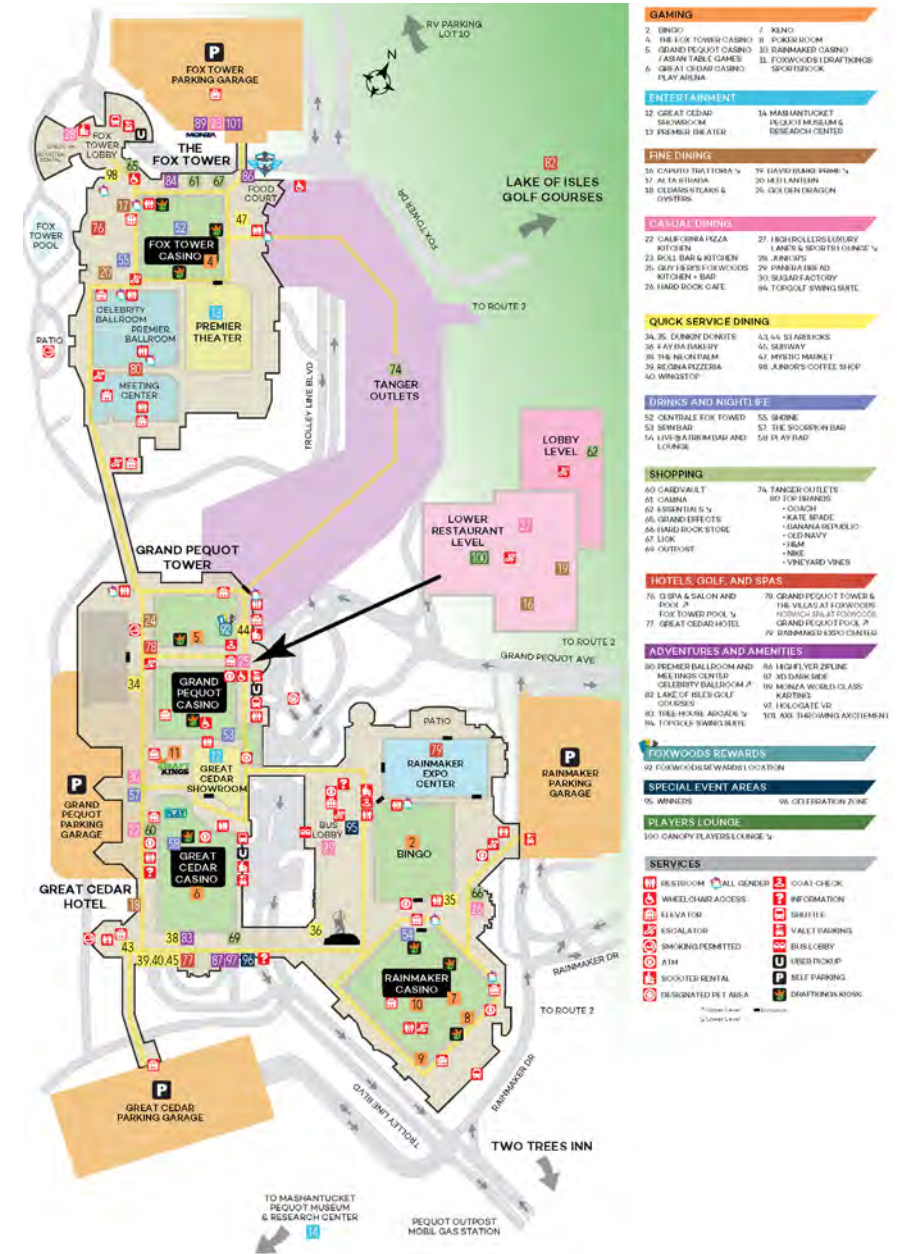
Location: The Foxwoods Resort Casino (FRC) is located in Ledyard, CT, a rural community roughly 50 miles southeast of Hartford, CT and 50 miles southwest of Providence, RI. The facility is strategically located 15 minutes from I-95 and from I-395, helping it attract a significant quantity of drive-to business. This drive-to business is critical because the FRC is roughly 42 miles from the nearest airport. The event space itself is located in the heart of the larger resort, which covers nine million square feet including seven casinos, 1,950 hotel rooms, a retail complex (the Tanger Outlet Mall), a golf course, a family-friendly entertainment (escape room, amusement rides, TopGolf, bowling, ice rink, etc.), spas, outdoor recreation activities, over 30 dining options, and a 4,000-seat theatre which hosts live entertainment, such as comedians and singers, nearly every night. Further, a Great Wolf Lodge is expected to open on site in 2025.

Ownership/Management: The FRC is owned and operated by the Mashantucket Pequot Tribal Nation.

Facilities: In addition to the resort's many amenities, it features 122,019 total square feet of function space, including a 47,646 square foot expo hall, two ballrooms combining to 62,533 square feet, and 11,840 square feet of meeting space spread across 14 rooms.

Foxwoods Resort Casino Facilities Summary	
Year Opened	1997
Year Last Renovated	2022
Exhibit Space (SF)	47,646
Ballroom Space (SF)	62,533
Meeting Space (SF)	11,840
Total Function Space (SF)	122,019
Largest Space (SF)	47,646
Meeting Rooms	14

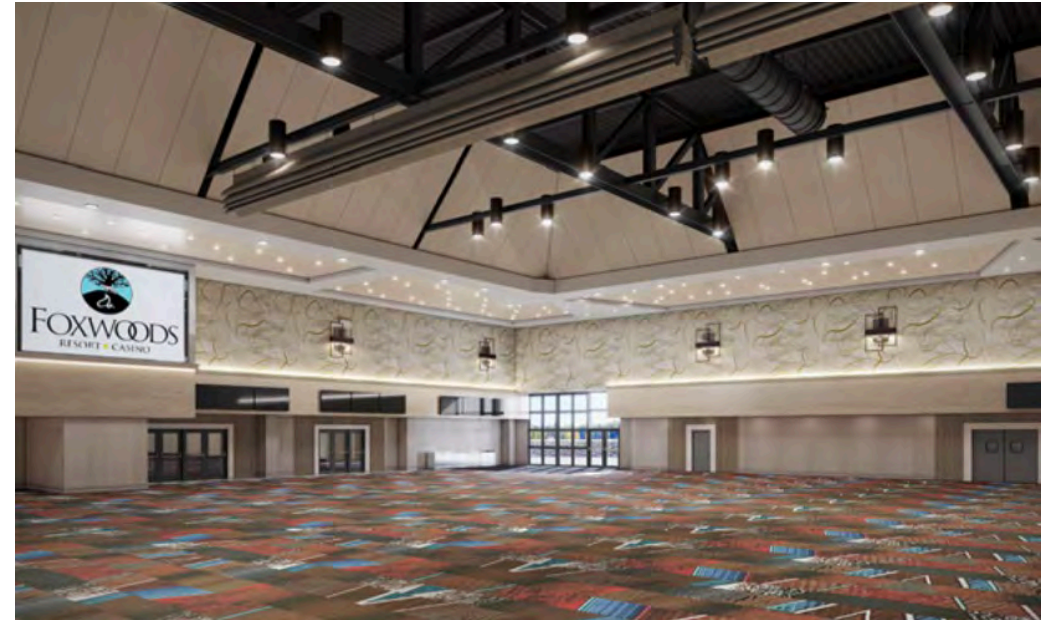
Source: FRC, Johnson Consulting



Foxwoods Resort Casino – Ledyard, CT

Demand & Financials: Johnson Consulting was unable to obtain demand and financial information for the FRC's event space, as the facility is privately owned. However, the FRC's annual financial report indicated that the resort as a whole generated \$636.8 million in FYE 2023; for context, the Hard Rock Casino in Gary generated roughly \$372 million of revenue in its first year of operations. This difference illustrates the difference in scale between the two operations, and underscores the fact that a similar casino-oriented event space in Lake County would need to be sized commensurate to the size of the casino.

Observations: The FRC exemplifies the synergies between event space and casinos. Though the resort is fairly isolated, it remains highly appealing to event planners because all of the amenities necessary for a successful conference, convention, trade show, or consumer show are present on site. Similarly, the event space brings foot traffic to the casino, restaurants, retail, and other resort establishments. This points to an opportunity for a convention center in Lake County to take advantage of the local casinos. Also notable is the fact that the FRC is successful in a fairly dense regional event space market, competing with convention centers in nearby Providence, Hartford, and Springfield, as well as with the Mohegan Sun Casino's event space. This is similar to the market that a convention center in Lake County would confront, and is evidence that, with the right amenities, and event space can thrive even with that quantity of competition.



Gas South Convention Center – Duluth, GA

Location: The Gas South Convention Center (GSCC), formerly known as the Gwinnett Center, is located within the Gas South District, a large mixed-use district located in Duluth, GA, a roughly 20-minute drive northeast of downtown Atlanta. In addition to its convention center, the Gas South District is home to the 13,000-seat Gas South Arena, the 702-seat Gas South Theater, and retail and residential development. Additionally, there are two hotels within the district totaling 309 rooms – a 166-room Embassy Suites and a 143-room Holiday Inn – and a 346-room Westin is currently under construction and projected to open in 2024. This latter property will be directly connected to the convention center and located in the heart of the district, making it an optimal amenity for attendees and meeting planners.

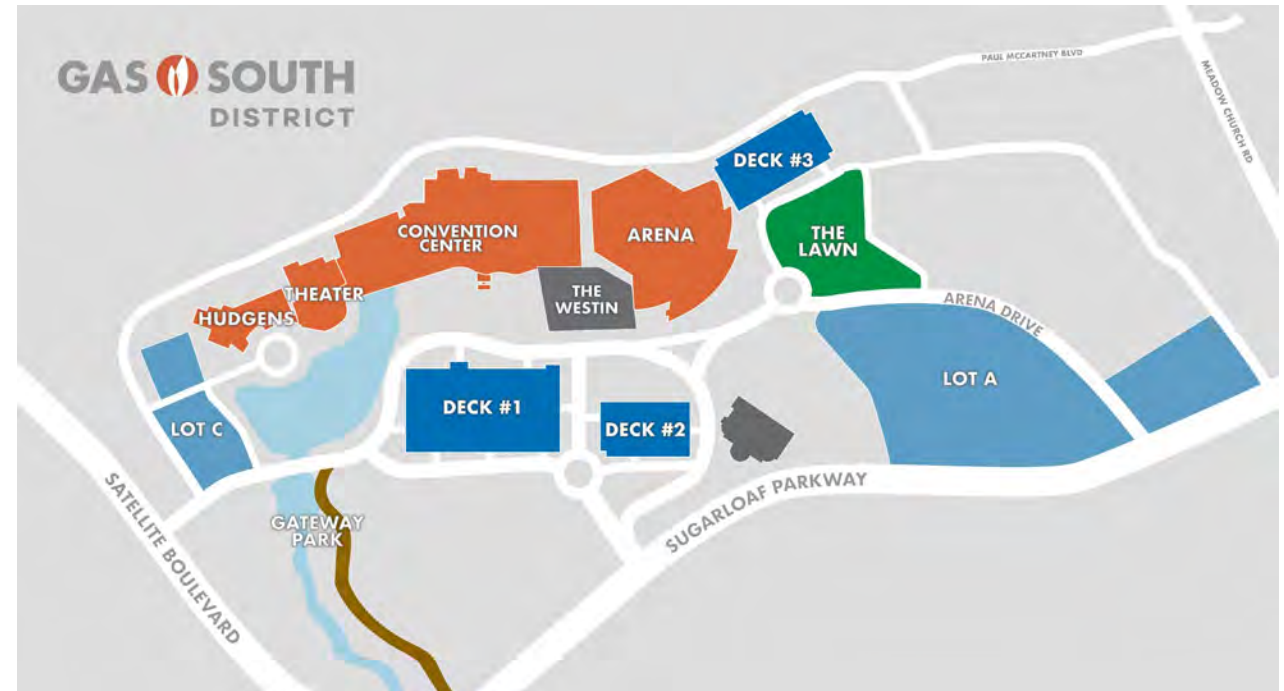
Ownership/Management: The GSCC is owned by Gwinnett County and managed by the Gwinnett County CVB.

Facilities: The GSCC was originally built in 1992, with approximately 50,000 SF of exhibit space and 22,000 SF of ballroom space for a total of roughly 72,000 SF of event space. In the 2000s, the campus expanded, with the addition of a parking deck, performing arts center, and arena. In early 2023, the GSCC completed a major renovation and expansion, adding nearly 40,000 additional square feet of exhibit space and 21,618 square feet of meeting space spread across 24 meeting rooms.

Gas South Convention Center Facilities Summary

Year Opened	1992
Year Last Renovated	2023
Exhibit Space (SF)	89,470
Ballroom Space (SF)	21,600
Meeting Space (SF)	21,618
Total Function Space (SF)	132,688
Largest Space (SF)	89,470
Meeting Rooms	24

Source: GSCC, Johnson Consulting



Gas South Convention Center – Duluth, GA

Demand: In 2023, the GSCC hosted 235 events and brought in 251,000 attendees. These numbers were up from pre-renovation levels, when it was reported that the facility hosted around 200 events annually. Notably, this included two full buyouts of the convention center and five 85-95 percent buyouts. Furthermore, the renovation wasn't completed until February, meaning these demand levels were achieved in 11 months, rather than in a full year. The GSCC hosted a wide variety of events, from the Orange Conference to Japanfest to the Georgia PTA State Conference to various religious conferences and events. Given that it often takes time for newly expanded spaces to establish themselves within the market, it can be expected that demand will further increase in the coming years.

Financials: Johnson Consulting was unable to obtain up-to-date demand and financial information for the GSCC. However, prior to its expansion, it was reported that the facility annually turned an operating profit of roughly \$1.3 million. These numbers are very strong for a convention center in the 70,000 square foot function space range (i.e., the GSCC's size prior to its recent expansion and renovation). It is likely that, with nearly double the amount of function space, the expanded GSCC is performing even more strongly. In essence, the expansion represented Gwinnett County doubling down on the facility's success.

Observations: The GSCC's success demonstrates the importance of proximate amenities in booking conventions. Many convention attendees want to be able to park once and then walk everywhere they need to be over the course of the convention. In a car-centric setting like Duluth, GA, or like many parts of Lake County, this can be challenging, as walkability is often limited. However, the GSCC's location within the Gas South District gives attendees access to many amenities – entertainment, sports, restaurants, retail, and lodging – without having to drive anywhere. Location within a similar walkable mixed-use district or campus – ideally featuring hotels, retail, restaurants, and entertainment – would be crucial to the ability of the contemplated Lake County convention center to attract larger conventions. Additionally, it is notable that the convention center was the foundation for the Gas South District, which has evolved around it, speaking to the potential of event space to catalyze similar development within Lake County.



The Grand Experience Conference Center (Proposed) – West Des Moines, IA

Location: The proposed Grand Experience Conference Center (GECC) would be located in West Des Moines, IA, a suburb of Des Moines. The site is on the southwest edge of the city, across the street from the MidAmerica Energy Company RecPlex, a sports complex and event center. It is just one mile from I-35 and 11 miles from the Des Moines International Airport.

The Conference Center would be part of a proposed 226-acre entertainment district called The Grand Experience, which would also feature an indoor waterpark, a 400-room hotel, a family entertainment center, various themed dining options, retail and office space, and 1,200 workforce housing units. This entertainment district would be key to the proposed conference center's success, as the area is currently sparsely developed with no hotel rooms, retail businesses, or daytime population within a 10-minute walk

Ownership/Management: The Conference Center has been proposed by The Grand Experience's developer, but at this time its ownership and management structure remain undefined.

Facilities: The Conference Center is proposed to have 54,560 total square feet of function space. Its largest space would be a 31,000 square foot ballroom, divisible into three smaller spaces with airwalls and supported by eight meeting rooms totaling 23,560 square feet. The facility would be directly connected to the proposed 400-room hotel.

The Grand Experience Conference Center Facilities Summary

Year Opened	Proposed
Year Last Renovated	-
Exhibit Space (SF)	-
Ballroom Space (SF)	31,000
Meeting Space (SF)	23,560
Total Function Space (SF)	54,560
Largest Space (SF)	31,000
Meeting Rooms	8

Source: GECC, Johnson Consulting



The Grand Experience Conference Center (Proposed) – West Des Moines, IA

Demand & Financials: Because this facility is in the planning stages, demand and financial information is currently unavailable. However, it is anticipated that the Conference Center will target primarily business meetings, leveraging its proximity to the interstate and its surrounding entertainment district to become a popular destination for corporate retreats, shareholder meetings, and other, similar events. It is also expected that the facility will help expand indoor sports events that currently occur in the adjacent RecPlex; in the RecPlex's first year of operation, it hosted 40 sports events over 88 event days, attracting nearly 120,000 attendees.

Observations: Like the GSCC, the proposed GECC would locate event space within a larger mixed-use entertainment district, thus exploiting the synergies between the uses. Additionally, it would pair well with the adjacent MidAmerica Energy Company RecPlex, which currently hosts a range of events from sports tournaments to local recreation to consumer shows to banquets. The two facilities would have an opportunity to collaborate, hosting events together and providing amenities for one another such that the whole becomes greater than the sum of its parts. This is instructive of the opportunity for a convention center in Lake County to synergize with the County's burgeoning concentration of sports and recreation facilities.



St. Charles Convention Center – St. Charles, MO

Location: The St. Charles Convention Center (SCCC) is in suburban St. Louis, a 10-minute drive from Lambert St. Louis International Airport and a 30-minute-drive northwest of the downtown area. St. Charles offers a suburban location that is on the edge of St. Louis and that is closer to the capital City of Jefferson City, providing a convenient location for groups and associations in Jefferson City that need to meet close to their St. Louis membership base. The SCCC is attached to an Embassy Suites Hotel, an all-suite, 296-room facility managed by Atrium Hospitality. However, outside of that and the Fairfield Inn and Suites across the street, the facility is light on walkable amenities due to its suburban location.

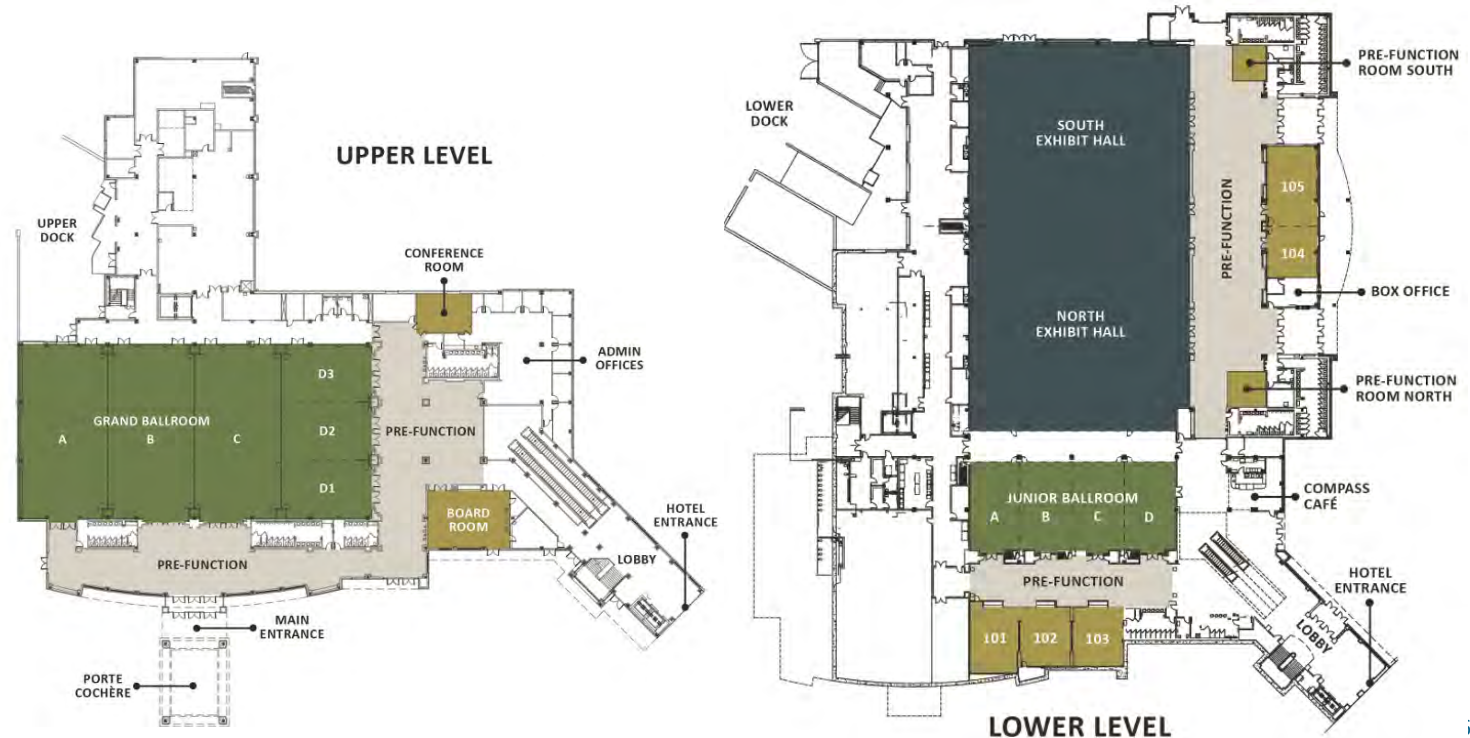
Ownership/Management: The SCCC is owned by the City of St. Charles and its Convention and Sports Facilities Authority and operated by Oak View Group.

Facilities: The SCCC offers 56,849 total square feet of function space, including a 27,600 square foot exhibit hall, two ballrooms totaling 22,225 square feet, and 7,024 square feet of meeting space spread across 7 meeting rooms. Its exhibit hall can be combined with its junior ballroom to create a maximum contiguous space of 35,700 square feet. The SCCC was built in 2005 and hasn't undergone a renovation or expansion.

St. Charles Convention Center Facilities Summary

Year Opened	2005
Year Last Renovated	-
Exhibit Space (SF)	27,600
Ballroom Space (SF)	22,225
Meeting Space (SF)	7,024
Total Function Space (SF)	56,849
Largest Space (SF)	35,700
Meeting Rooms	7

Source: CC, Johnson Consulting



St. Charles Convention Center – St. Charles, MO

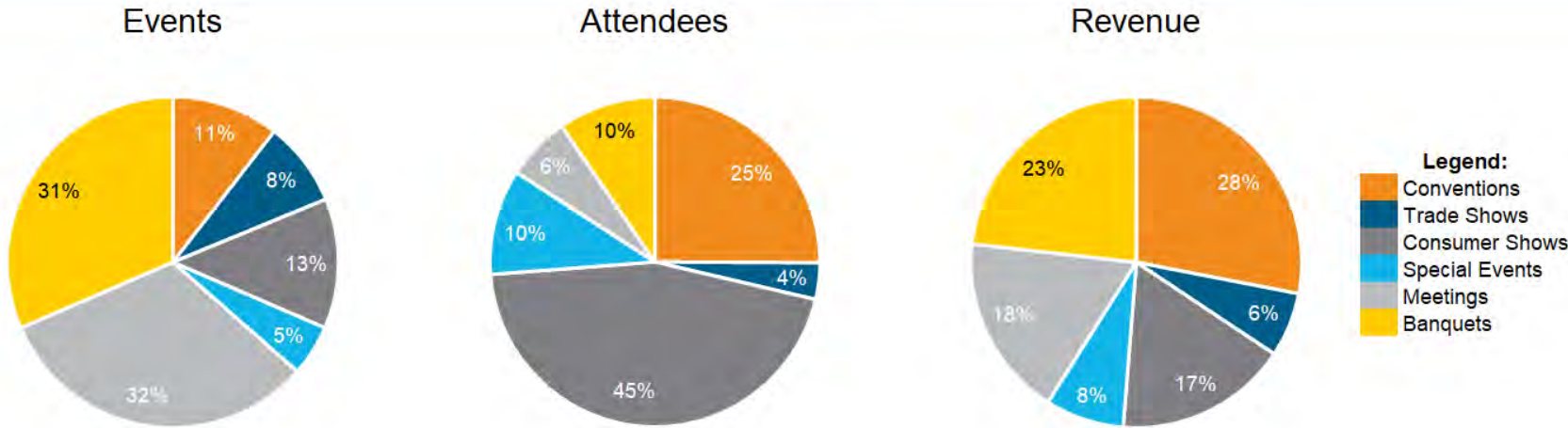
Demand: The SCCC hosted 181 events in 2022, attracting 269,583 attendees and generating 22,254 room nights. The majority of the facility’s events were meetings or banquets, while nearly half of attendees came to consumer shows at the SCCC. The facility’s revenue mix was fairly diversified, with the largest one revenue category being conventions. Though the SCCC’s performance in 2022 was strong, it was still a step down from pre-pandemic levels – in 2019, the facility hosted 193 events, attracted 322,134 attendees, and was responsible for generating 26,290 room nights. However, demand is clearly trending back up as the pandemic continues to recede.

**St. Charles Convention Center
Historical Demand**

	2018	2019	2020	2021	2022
Events	224	193	83	125	181
Attendance	312,872	322,134	166,957	195,564	269,583
Room Nights Generated	23,510	26,290	5,739	9,346	22,254

Source: SCCC, Johnson Consulting

**St. Charles Convention Center
2022 Demand Mix**



Source: SCCC, Johnson Consulting

St. Charles Convention Center – St. Charles, MO

Financials: Similarly, the SCCC’s financial picture is trending up, as it posted an operating profit in 2022 after two years of significant operating losses. This profit came on the back of a strong rebound in revenue, which can be attributed to the increased number of events that year. On the whole, the SCCC’s annual revenue is extremely strong, particularly relative to its size.

Observations: The SCCC is one of the highest performing convention centers of its size in the country. Part of this performance can be attributed to its strategic location – being between Jefferson City and St. Louis, it is able to tap into both markets, and in particular penetrate state association and political meetings. Part of it, however, simply comes down to experience quality, as the SCCC provides outstanding service and facilities, allowing it to charge higher rental rates and still stay extremely busy. This is a model that could be very successful in Lake County car-centric setting.

St. Charles Convention Center Historical Financial Performance					
	2018	2019	2020	2021	2022
<i>Operating Revenues</i>					
Rental Revenue	\$1,416,985	\$1,382,389	\$783,359	\$1,227,570	\$1,549,757
Service Revenue	996,284	932,339	532,106	710,652	919,681
Ancillary Revenue	5,770,819	5,473,370	1,583,411	2,393,171	5,235,434
Other Revenue	59,512	104,427	379,285	470,861	149,277
Total	8,243,600	7,892,525	3,278,161	4,802,254	7,854,149
<i>Expenses</i>					
Event Expenses	\$2,366,406	\$2,279,823	\$909,090	\$1,286,869	\$2,224,590
Personnel	3,380,409	3,667,180	3,331,679	3,169,757	3,268,839
Operating Expenses	1,828,644	1,832,817	1,758,409	1,499,614	1,866,484
Total	7,575,459	7,779,820	5,999,178	5,956,240	7,359,913
Net Operating Income	\$668,141	\$112,705	(\$2,721,017)	(\$1,153,986)	\$494,236

Source: SCCC, Johnson Consulting



Implications

The case studies in this section provide various examples of how a mid-size convention center in Lake County can be successful. One model is built around quality. The OPCC and SCCC are able to charge higher rates than much of the market and still remain busy because of their exemplary facilities and service, despite their lack of supporting amenities. The OPCC does this with a demand mix focused on banquets and special events, while the SCCC's location makes it more of a destination for meetings and conventions.

Another model is built around supporting amenities. The GSCC and GECC are both located in areas which provide numerous amenities – including retail, dining, entertainment, and lodging – within a short walk. This is extremely important to meeting planners, who place a high value on the experience that attendees have *outside* of the event, in addition to at the event itself. The ability to park once at the beginning of a convention and walk everywhere is prized, and these two facilities present two different ways of achieving this end. The GSCC started with a convention center, and then saw other amenities evolve around it to support the generated foot traffic. The proposed GECC, on the other hand, would have the convention center component built in tandem with the supporting amenities, and in support of the adjacent sports and events center. Both of these facilities, despite being in a generally car-centric area, would achieve walkability via locations in fairly insulated, master planned entertainment districts. This strategy of locating a convention center within a larger mixed-use campus, is perhaps particularly relevant for Lake County, given its own car-centric nature. Additionally, the sports concentration in Lake County appears to be an opportunity for this convention center, as the GECC demonstrates the potential synergies between the two.

The FRC demonstrates the synergies between a convention center and a casino. The Foxwoods Casino's concentration of entertainment, lodging, dining, and retail helps check many of the boxes that meeting planners look for, suggesting that there is an opportunity for the contemplated convention center in Lake County to take advantage of the local casinos, which serve as one of the County's most significant tourism assets.

An aerial photograph of a suburban neighborhood, featuring a large, winding pond in the center. The houses are densely packed, and the streets are visible. The entire image is overlaid with a semi-transparent blue filter. The sky is filled with scattered clouds, and the overall tone is cool and professional.

5. Industry Trends

Overview

This section provides insight into the convention, exhibition, and meetings industry, including an industry overview along with research and trends, such as historical statistics, the current state of the industry, and future market trends. This section focuses on the impact of broader economic conditions, as well as the overall health of these industries.

The convention, exhibition, and meetings industry, like any, is subject to the expansion and contraction of the national and global economies. While the industry suffered during the most recent economic recession at the end of the last decade it has since rebounded to pre-recession levels and in many respects, has served as a catalyst for economic recovery and growth.

Indeed, the convention, meetings and exhibition industry plays a critical role in providing stability and propelling economies forward even as business and economic cycles fluctuate. The industry is a driver of global innovation with an enormous economic impact and convention centers will continue to serve as venues for the exchange of knowledge, culture, and capital – a defining component of economic innovation.

Accordingly, convention centers and other types of meeting and event venues should be viewed as strategic investments in the future of our communities. The purpose of this section is to elaborate on the many dimensions of the convention, exhibition, and meetings industry and to establish a standardized terminology that will be used throughout the rest of this report. The following subsections will outline the various types of facilities, types of events, and event sponsors that are present within the industry.



Fire Department Instructors Conference 2023, held in Indianapolis, IN

Types of Facilities

Each event type has unique facility needs. Certain events require large amounts of contiguous space, while others require many smaller meeting rooms. Often a single meeting will use many different types of spaces, such as large exhibit halls, banquet facilities, breakout meeting rooms, and theater seating. The diverse nature of this industry and the characteristics of various event types necessitate a variety of facility types. The main types of public assembly facilities are summarized as follows:

Hotel and Meeting Room Facilities: Many markets have developed a multipurpose or small convention or conference center complex within or adjacent to a hotel, as a means of improving the lure of the hotel and subsidizing its operations. These facilities, which have been undertaken in markets of varying sizes, are frequently developed through public-private partnerships whereby the public sector may assemble land, build parking, and fund meeting space components as a way to execute a project. Often the various project elements are developed as a joint project, in terms of timing, but in some markets, the public elements have been built first with the hotel coming later.

Conference Centers: Conference centers provide a specialized combination of meeting spaces, high-tech amenities, and services in support of training and education initiatives. Most conference centers are operated in conjunction with a hotel, although some are part of a university and a small number operate as stand-alone venues.

Convention Centers: On a larger scale, convention centers combine the meeting capabilities of a conference center with exhibit space. These facilities are designed to meet the broad needs of the Meetings, Incentive, Convention, and Exhibition (M.I.C.E.) industry and primarily serve as economic development enterprises for the community. Their mission is to bring outside visitors and associated spending into the community, although they may also host large locally oriented consumer events.



Eaglewood Resort and Spa in Itasca, IL



*Kauffman Foundation Conference Center in
Kansas City, MO*



McCormick Place in Chicago, IL

Types of Facilities

Exposition Halls: These facilities focus exclusively on product and consumer shows that require little meeting space. Pure exposition halls generally exist in markets that have other convention and/or meeting venues available or in situations where the private sector has responded to a lack of supply by developing an inexpensive facility. Fairgrounds also offer facilities that are exposition-oriented.

Trademarts: Trademarts or merchandise marts typically combine an exhibit facility, permanent display space that is occupied by businesses under long-term lease agreements, and specialized office space. These facilities provide space for the wholesale distribution of products in specific industries, including furniture, clothing, sporting goods, and computers. These facilities occur in large cities that serve as regional wholesale and marketing centers.

Fairgrounds: Fairgrounds combine a number of assembly and exposition elements on a large campus. Facilities may include one or more exhibition halls, along with arena and meeting hall functions, although little meeting space is usually offered on the property. Typically located away from downtown areas, fairgrounds provide acres of parking for large events.

Events Centers: Events centers, or arenas, are used as multi-purpose facilities to host a wide range of events, from small to mid-size conventions, and trade shows, to sporting events, concerts, and banquets. These facilities typically host many more locally oriented events than dedicated exhibit and ballroom space within convention centers. Events centers also incorporate breakout and meeting rooms, and often have a full commercial kitchen to cater banquet events.



*Bridge View Center in
Ottumwa, IA*



*The Merchandise Mart in
Chicago*



*Custer County MT
Fairgrounds*

Types of Events

Conventions or Congresses: These are privately held meetings of professional groups and associations that commonly take place in hotels, convention centers, or civic centers. These meetings attract association members and/or affiliates wishing to meet similar professionals and share ideas.

A convention can consist of a single meeting or a number of concurrent meetings during the event period, and are increasingly featuring exhibits to communicate ideas. These types of conventions are known as “conventions with exhibits.”

Conventions are generally “high-impact” events since attendees normally stay several nights in the host city, generating hotel room nights. In addition to hotel expenditures, attendees purchase other goods and services while in the city such as food and beverage, souvenirs, and transportation that not only contribute to local business but also increase local and state tax revenues.

Temporary Expositions and Tradeshows: These events are designed to bring buyers and sellers of industry-specific products together. Trade shows usually cater to a specific industry, however, multi-industry “trade fairs” also occur. Most trade show events are not open to the public.

Like conventions, trade shows offer a forum for exchanging industry ideas. They differ from conventions, however, because they are more product and sales-oriented. Tradeshows are exhibit-intensive, and exhibitors prefer column-free, single-story, open-space facilities in which they construct temporary custom booths for product display. Tradeshows typically attract a large number of attendees, who originate from outside the host city but tend to have a shorter average stay than convention attendees.

The event programs run for a period of three to six days, with equal or slightly less time allocated to setting up and tearing down the event booths. Therefore, individual attendees may have less impact on the host city’s economy than a convention attendee.



MWC Barcelona, 2019

Types of Events

Assemblies: These are largely association, fraternal, or religious events that require a large plenary hall, arena, or stadium. Similar to conventions, they are characterized by large numbers of attendees originating from outside the host city.

Conferences: These are smaller convention-type events and are typically held in meeting rooms and ballrooms or in formal conference centers. Like conventions and congresses, they are often sponsored by associations and corporations, and address current issues and information. Attendees and users typically demand high-quality facilities and most originate from out of town.

Incentive Meetings: The corporate market uses incentive meetings as a way to reward employees, combine recreation and business meetings, or to mix employees and clients in a business and recreational setting. Product launches, key account conferences, and award events are all-important aspects of this type of event.

Consumer Shows: These are public, ticketed events featuring exhibitions of merchandise, such as clothing, food, and antiques. These events are typically held in public assembly facilities such as hotels, convention centers, and exposition centers. They normally attract large numbers of attendees, and depending upon the size, location, and type of merchandise being displayed, these shows normally attract primarily local residents.

Entertainment Events: Including performing arts, concerts, sporting events, and circuses that can be accommodated by a variety of facilities. Although entertainment facilities will typically be dedicated to one or more specific uses, multipurpose venues, such as convention centers, can accommodate a large variety of events, especially if they are designed appropriately. Entertainment event promoters require unobstructed space to arrange the performance and to allow attendees to view the show.

Permanent Expositions: Permanent expositions are designed to promote commerce by establishing permanent exhibit areas for manufacturers. Although these facilities cater primarily to businesses, the general public is usually allowed to enter. Show promoters, however, discourage public attendance, as the primary intent of the exhibition is to promote wholesale trade.



Austin Record Convention

Event Sponsors

The meetings industry includes a wide variety of event types that are sponsored by different types of businesses and organizations, including:



Corporations: Business meetings are an integral part of the meetings industry. They represent the majority of meetings held throughout the world, and topics can be as wide-ranging as the industries themselves. For the purposes of this report, corporate meetings will refer to off-site conferences, sales, and incentive meetings, such as the events that are often held at hotels.



Associations: Trade and business associations represent certain industries and strive to keep members informed about current issues related to their industry. Associations sponsor meetings and conventions to serve this educational and informational purpose, and also assist in marketing efforts by holding trade shows where members can display and sell their products.



Educational Institutions: Universities are increasingly recognizing that more continuing education occurs at meetings, rather than in classroom settings, and are becoming an important player in developing and sponsoring continuing education activities and conferences.

Event Sponsors



Government: All levels of government hold meetings for the purpose of education, discussion of issues, and policy deliberation. In many countries, governments also create and sponsor trade shows in order to support sectors of the economy.



Independent Show Organizers, Incentive Houses, and Publishing Companies: The meetings industry has grown so large that it now supports a growing number of organizations that specialize in the business of producing meeting events. These businesses may work on behalf of corporations and associations, and handle all aspects of a meeting, from booking attendees to event operations. Many publishing companies have trade show and convention management divisions, while incentive houses not only work for their corporate and association clientele but may also develop programs and conferences as moneymaking ventures.

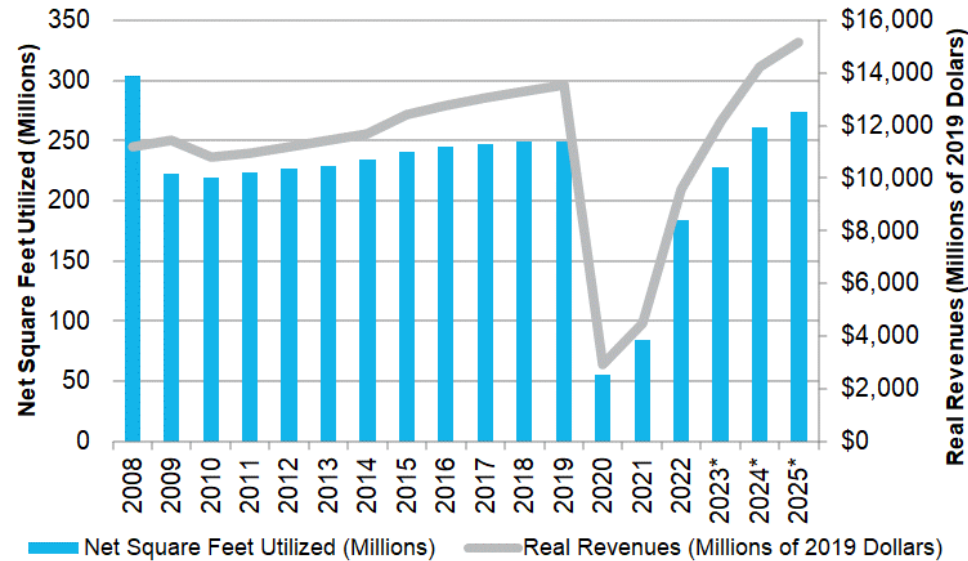


Social, Military, Education, Religious, Fraternal, and Ethnic (SMERFE) Organizations: These organizations typically sponsor convention or assembly events that are not always business-related and tend to be geared more towards social networking and discussion of issues.

Research and Trends

Like other sectors of the broader hospitality industry, the events industry was devastated in by the COVID-19 pandemic and the resulting lockdowns and travel restrictions. According to the *2023 Index Report* produced by the Center for Exhibition Industry Research (CEIR), after a decade of growth following the 2008 economic crash, the number of net square feet utilized in the United States fell from 249 million in 2019 to 55 million in 2020, while real revenues (in 2019 dollars) went from \$13.5 billion to \$2.9 billion. The numbers of event exhibitors and attendees similarly declined sharply, from 1.4 million and 32.6 million in 2019, respectively, to 296,000 and 6.8 million in 2020. The industry has bounced back to some degree over the past two years but has yet to achieve pre-pandemic levels of success, and is not forecast to do so by CEIR until 2024. However, recovery from this most recent economic shock does appear to be moving more quickly than it did after the 2008 economic crash, with the overall events industry making sizeable year-over-year gains in square feet utilized, real revenues, exhibitors, and attendees.

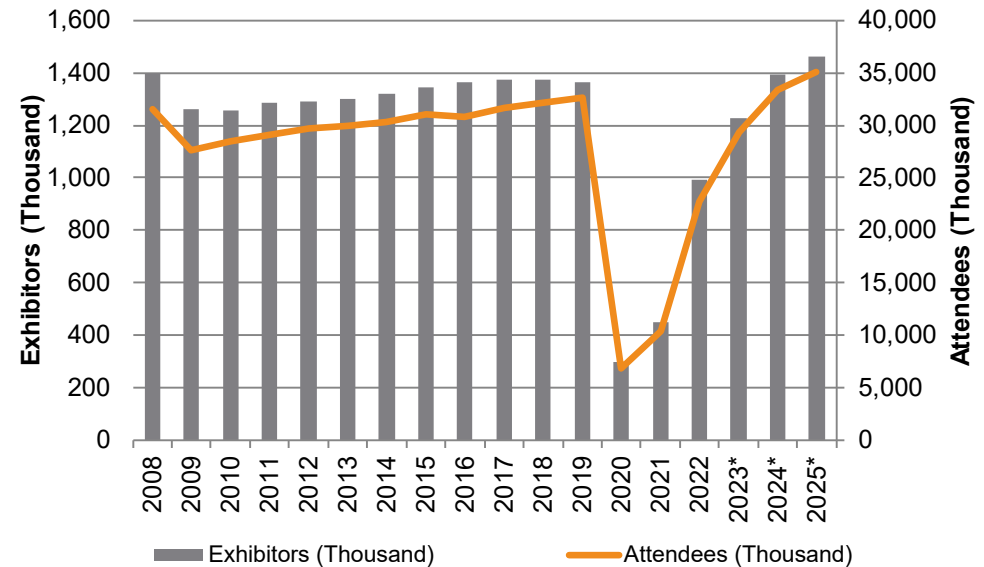
**Square Foot Utilization and Real Revenues
2008-2025**



*Forecast

Sources: CEIR, Johnson Consulting

**Exhibitors and Attendees
2008-2025**

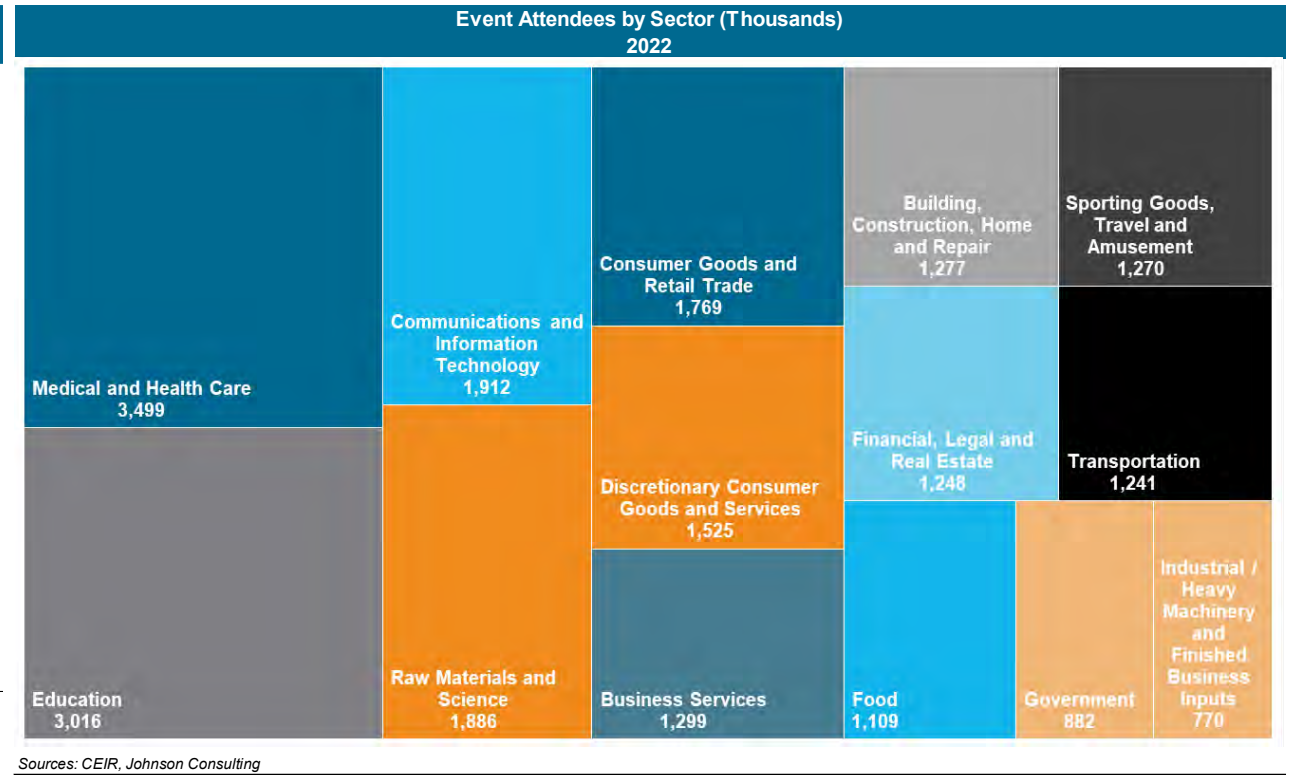
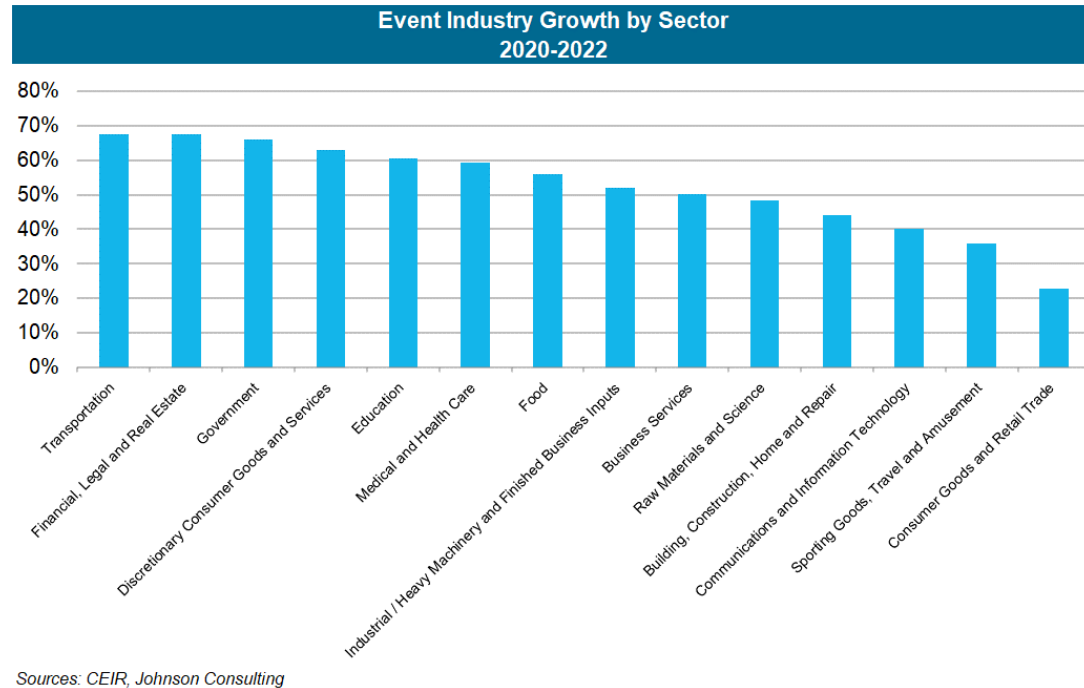


*Forecast

Sources: CEIR, Johnson Consulting

Research and Trends

Recovery from the pandemic, however, has been uneven with certain sectors seeing faster growth than others. Between 2020 and 2022, the Transportation, Financial, Legal & Real Estate, Government, and Discretionary Consumer Goods and Services events sectors grew more than 60 percent, each returning to within 25 percent of their pre-pandemic levels. Meanwhile, the Consumer Goods & Retail Trade sector grew by only 23 percent, possibly due in part to the continued decline of in-person shopping which was accelerated by COVID-19. The two largest event sectors by attendees in 2022, Medical & Health Care and Education, both have seen relatively strong recoveries from the COVID-19 pandemic, with each growing by roughly 60 percent from 2020 through 2022.



Research and Trends

In May of 2023, the International Congress and Convention Association (ICCA) released its annual rankings of cities and countries after a two-year hiatus due to the COVID-19 pandemic, reporting that roughly 85 percent of meetings held in 2022 were in-person or hybrid rather than fully remote. The United States hosted 690 conferences in 2022, by far the most of any country, with the second-place Spain hosting 528 conferences. Despite this, no individual city in the United States was in the top 20 of conferences hosted, indicating a strong, decentralized events industry in the country. The top city for hosting conferences in 2022 was Vienna, Austria, which hosted 162 conferences. Europe is popular for conferences in general; the top 12 cities and 17 of the top 20 were in European countries

Top International Conference Destinations - Countries 2022	
Country	Association Conferences
1 United States	690
2 Spain	528
3 Italy	522
4 Germany	484
5 France	472
6 United Kingdom	449
7 Portugal	294
8 Netherlands	253
9 Belgium	234
10 Canada	233
11 Austria	232
12 Japan	228
13 Greece	185
14 Sweden	179
15 Switzerland	175
16 Denmark	169
17 Republic of Korea	162
18 Ireland	152
19 Norway	148
20 Czech Republic	146

Sources: International Congress and Convention Association, Johnson Consulting

Top International Conference Destinations - Cities 2022	
City	Association Conferences
1 Vienna	162
2 Lisbon	144
3 Paris	134
4 Barcelona	133
5 Prague	129
6 Madrid	128
7 Berlin	113
8 Athens	109
9 Brussels	108
10 London	106
11 Dublin	105
12 Copenhagen	102
13 Singapore	101
14 Rome	79
15 Amsterdam	73
16 Helsinki	69
17 Oslo	67
18 Buenos Aires	66
19 Milan	66
20 Seoul	66

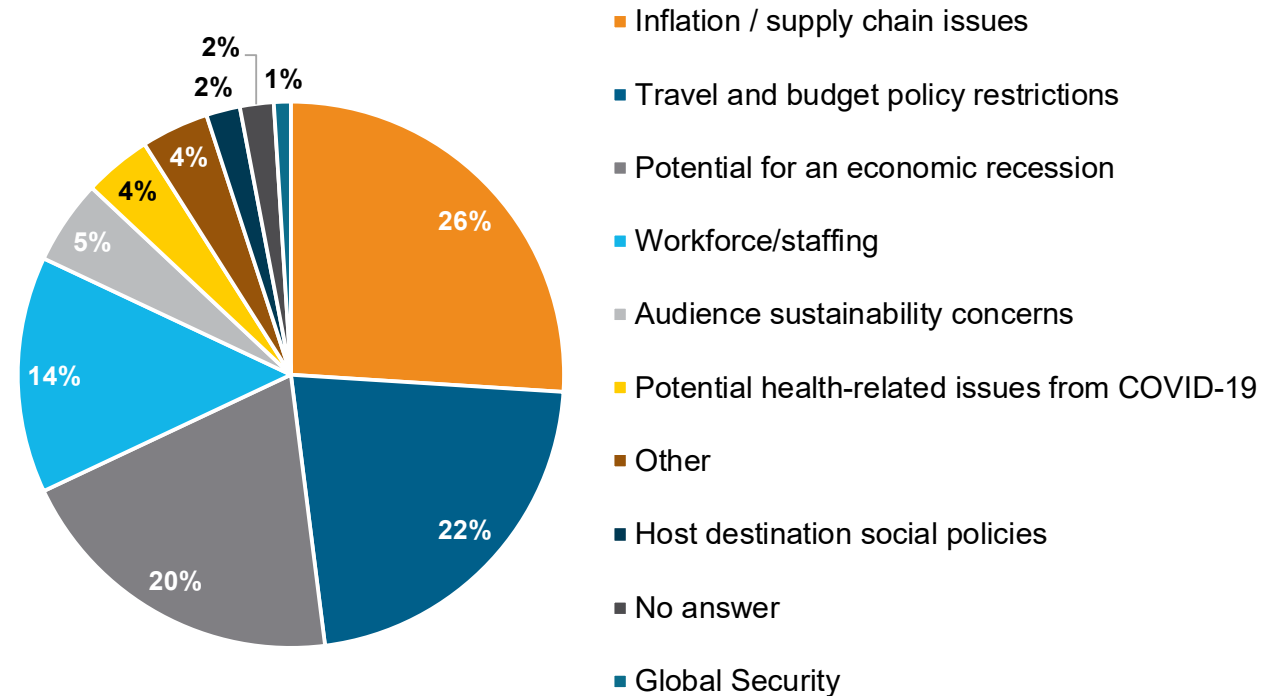
Sources: International Congress and Convention Association, Johnson Consulting

The Future of Meetings and Events

The preceding subsections have established that the convention, meeting, and exhibition industry is in a state of significant flux as it adapts to the new realities of the post-pandemic landscape. In the November, 2022 issue of *Convene Magazine*, an events industry trade publication, the Professional Convention Management Association (PCMA) presented its annual industry forecast for 2023 and beyond. This report and others like it help provide insight into the direction of the events industry is going in the short and medium terms.

As part of the report, the PCMA surveyed over 200 event professionals about their outlook on the industry going forward. When asked what they believed will have the biggest impact on their events-related business in 2023, the top four responses were inflation / supply chain issues (26 percent), travel and budget policy restrictions (22 percent), potential for an economic recession (20 percent), and workforce / staffing (14 percent). By contrast, only 4 percent said that health-related issues from COVID-19 would have the biggest impact on their business. Though much of the concerns around the health-related implications of the pandemic have abated, the economic, social, and political consequences of COVID-19 remain very relevant and continue to have a significant impact on the events industry.

What do you believe will have the biggest impact on your events-related business in 2023?



Source: PCMA Annual Industry Forecast November 2022, Johnson Consulting

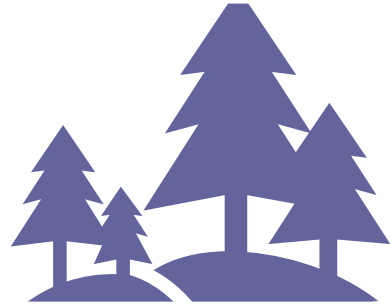
The Future of Meetings and Events

The pandemic hasn't just impacted the events industry's bottom line: It has altered the criteria by which a successful event is judged. In its June, 2023 *Meeting Room of the Future Barometer* report, the International Association of Conference Centers surveyed more than 250 meeting planners from venues around the world. When asked how the criteria for meetings space has changed since the COVID-19 pandemic, respondents highlighted the five following categories:



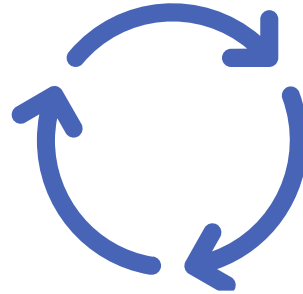
More Space

Due to the pandemic, people are used to having more space, making larger event venues more popular.



Outdoors

Outdoor spaces have also become more in demand since the pandemic, with attendees increasingly wanting a more airy, natural setting



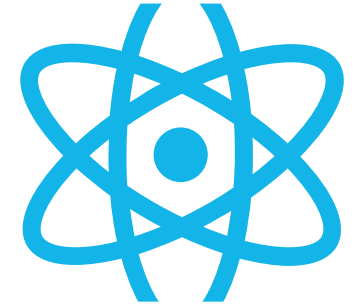
Flexible

Flexibility not only enables greater social distancing, it helps event planners cater to attendees' desire to have less rigid events with more breakout sessions



Hybrid

Hybrid work, socialization, and events are a legacy of the pandemic that appears to be here to stay. As such, it is important to consider how a venue will perform in a hybrid setting.

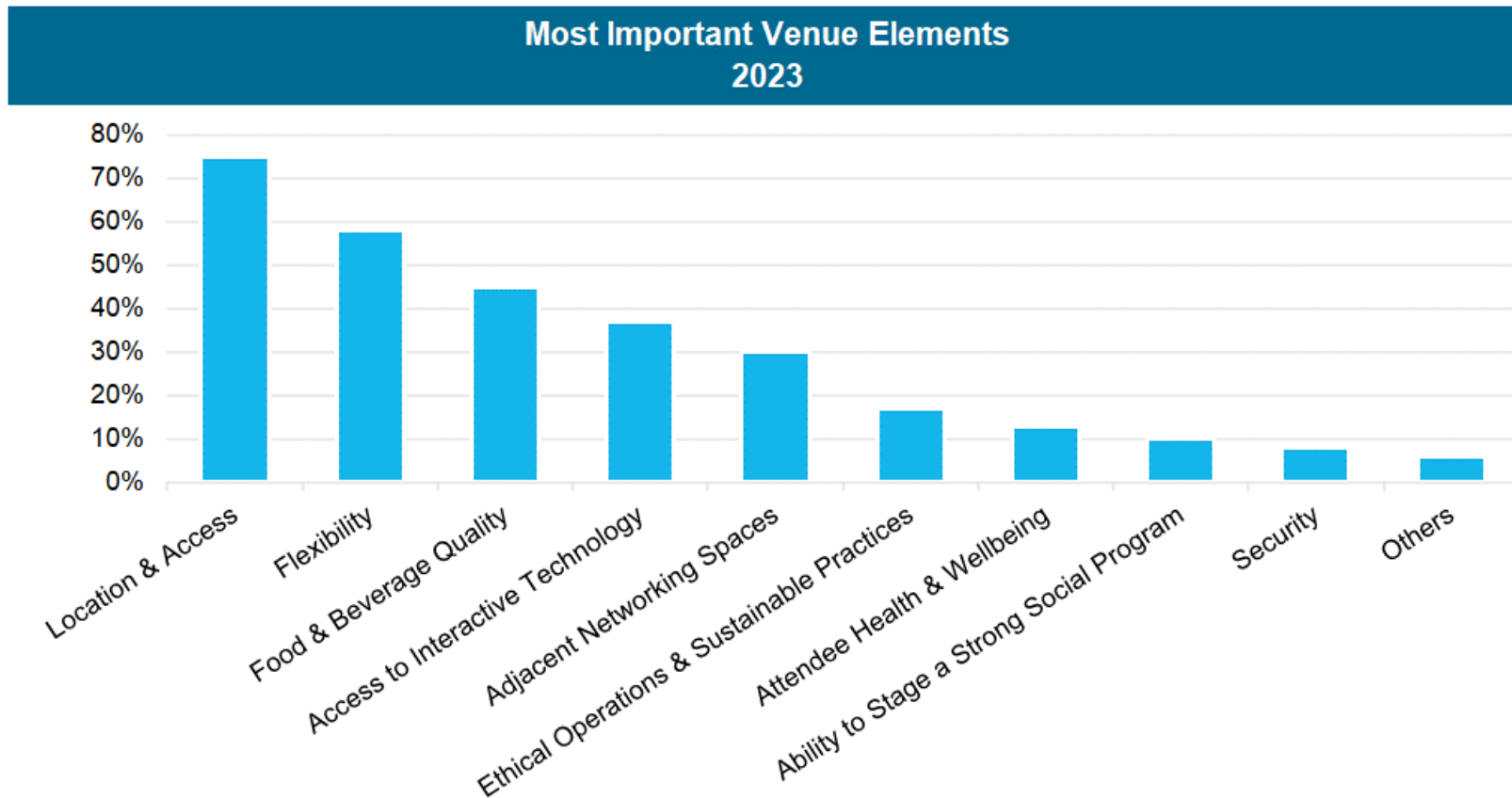


Evolved Technology

Beyond just hybrid events, the pandemic accelerated adoption of new technology and, as a result, attendees now expect more advanced, high-tech events to be the norm.

The Future of Meetings and Events

Though many criteria have changed due to the pandemic, many things have also remained the same. When asked what the most important elements of a venue are, 75 percent of meeting planners cited location and access, which has long been one of the most significant differentiators for an event facility. Also commonly cited were flexibility (58 percent) and food & beverage quality (45 percent). By contrast, attendee health and wellbeing was only listed by 13 percent of respondents, another indicator that the concerns around the danger of COVID-19 have lessened significantly in the last few years.



Source: IACC Meeting Room of the Future Report June 2023, Johnson Consulting

Implications

The COVID-19 pandemic had a profoundly negative impact on the global events industry. Between 2019 and 2020, net square feet exhibited, total revenue, number of exhibitors, and number of attendees all fell by more than 75 percent and have yet to recover to pre-pandemic levels. However, unlike the recession following the 2008 economic crash, year-over-year growth coming out of the pandemic has been robust, with the industry projected to exceed previous levels by 2024.

As a result, event planners and other industry are looking to the future and evaluating how the events industry will be different going forward. Though the health concerns and impacts of COVID-19 have been reduced over time, the pandemic's many legacies remain prevalent within the industry. Concerns around inflation and supply chains, travel and budget policy restrictions, fears of a looming recession, and labor shortages are front-of-mind for event planners, while attendees are increasingly expecting events with more indoor and outdoor space, greater flexibility, and further integration of technology.

However, some components of high-quality event facilities have stayed consistent: Accessibility, flexibility, and high-quality food & beverage offerings are important to event planners now, just as they were before the COVID-19 pandemic. It will be critical to carefully consider these trends while planning the contemplated Lake County Convention Center to ensure that the facility is well-equipped to compete in a rapidly changing event space landscape.



Helsinki Fair Center

An aerial photograph of a suburban neighborhood, featuring a large, winding pond in the center. The houses are densely packed, and the area is surrounded by greenery. The entire image is overlaid with a semi-transparent blue filter. A white vertical line is positioned to the left of the text.

6. Stakeholder Engagement

Overview

Stakeholder engagement is an important part of building the sort of qualitative market knowledge necessary to assessing the feasibility of a new convention center. The CSL Report detailed an extensive engagement process, which included a set of survey questions administered to three groups:

- 94 local stakeholders
- 19 corporate/ independent meeting planners
- 100 state/ regional event planners

It also highlights responses from the subset of the surveyed population which had used the Radisson Star Plaza's event space previously.

Given the comprehensive nature of the CSL Report's engagement process, the constraints imposed by this updated study's condensed timeline, and the significant shift in the events industry caused by the COVID-19 pandemic, this updated report is focused on identifying factors that have shifted within the market since the CSL Report's publication. To do this, the Consulting Team conducted a series of interviews and workshops with key stakeholders. As such, this section is organized as follows:

1. Review of CSL Report's results
2. Update process
3. Findings

Review of CSL Report's Results – Local Stakeholders

Process

The CSL Report's study process involved interviewing 94 stakeholders based in Lake County, both in person and via telephone, including local politicians, economic development professionals, and various hospitality industry representatives.

Key Findings

- Lake County needs more civic event space to accommodate the needs of local schools, universities, businesses, and government entities.
- Lake County, despite being the second-most populous county in the State of Indiana, lacks a convention center
- A new convention center could help drive business towards other Lake County attractions
- A new convention center could help attract businesses by showcasing Lake County's positive attributes to event attendees
- A new convention center would help diversify and bolster hotel demand within Lake County.
- Lake County represents a good value in the Chicago region in terms of cost vs. quality.

Review of CSL Report's Results – Corporate/ Independent Meeting Planners

Process

The CSL Report's study process involved conducting telephone interviews with 19 meeting planners in the Chicago and Indiana markets who are members of Meeting Professionals International. These planners represented large corporations, state associations, trade show companies, and private event planning firms and planned a wide range of event types.

Key Findings

- There was more interest shown by planners for the Chicago market than the Indiana market, due to the latter market's focus on the centrally located Indianapolis.
- Roughly 68 percent of survey respondents expressed some level of positive interest in holding one or more events at a new convention center in Lake County.
- Of the interested event planners, the average space requirement was 11,000 square feet of contiguous event space, while the average attendance of these events was 675.
- Most interested event planners would ideally want multiple spaces available for their events, e.g., a ballroom in addition to an exhibit hall.
- For event planners who were interested, required amenities included flexible space, high-quality lighting and finishes, high-quality technology, sound-proof rooms, proximate dining, retail, and entertainment options, locally-sourced food options, and ample parking.
- For event planners who were not interested, common reasons given included a focus on downtown Chicago's event spaces, a lack of walkable hotel room concentration in Lake County, Lake County's distance from Indianapolis, and Lake County's challenges from a destination appeal standpoint.

Review of CSL Report's Results – State/ Regional Event Planners

Process

The third group surveyed for the CSL Report was state and regional meeting planners, responsible for planning state/regional association meetings as well as SMERF (social, military, educational, religious, and fraternal) events. 103 such planners were contacted and surveyed over the phone.

Key Findings

- Roughly 53 percent of respondents indicated that they would be interested in a convention center in Lake County for their events.
- Interest was stronger for SMERF event planners than for state association planners, given the Indiana market's concentration on Indianapolis. However, many state association events feature a defined rotation pattern, presenting an opportunity for Lake County to become part of that rotation (as it was when the Radisson Star Plaza was open).
- The average contiguous event space needed for interested planners was 7,000 square feet, while 25,000 square feet would accommodate 95 percent of interested planners' events.
- The majority of respondents who indicated that they were not interested in hosting events in Lake County said that it was either too far from their membership base or not central enough within the Indiana market.
- The events planned by respondents tend to skew towards the spring and autumn months, which are off-peak periods for Lake County's hotels.
- Roughly half of respondents indicated that their events require a headquarters hotel, while another 38 percent indicated that having a headquarters hotel available was their preference.
- 72 percent of respondents indicated that their impression of Lake County was "generally positive," and highways were the most commonly selected destination preference at 39 percent of respondents. Restaurants and shopping were the second- and third-most commonly selected destination preference.

Review of CSL Report's Results – Past Radisson Users Sub-Sample

Process

The CSL Report also analyzed a sub-sample of survey respondents across the three aforementioned categories who had planned events at the Radisson Star Plaza. This sample included 18 respondents representing 28 events, 12 of which were state/regional association events and 16 of which were SMERF events.

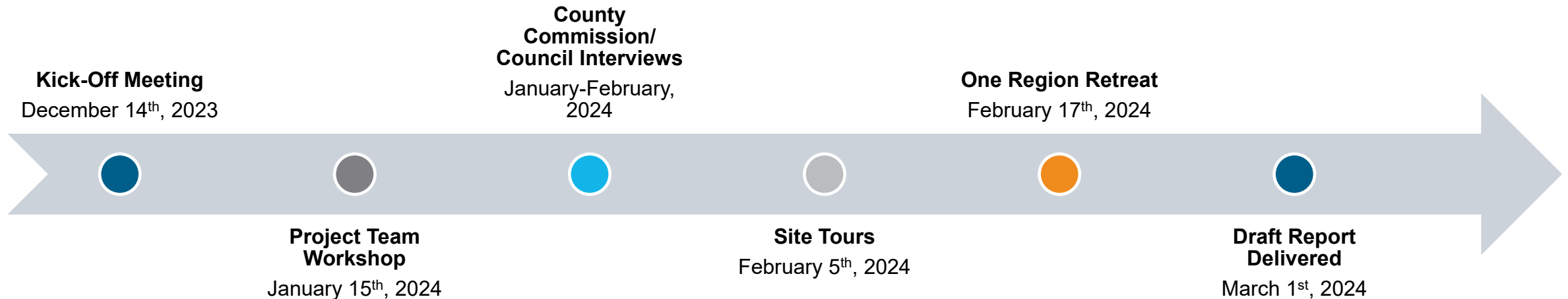
Key Findings

- This sub-sample of respondents showed more interest in a new Lake County convention center than the population as a whole, with 89 percent responding positively, including 28 percent who said they would “Definitely” host an event there and 50 percent saying they “Likely” would.
- The events planned by interested respondents required an average of 7,100 square feet of contiguous space, and a maximum of 30,000 square feet. The average hotel room requirement was 165 rooms while the maximum was 450.
- When asked about their past experiences with the Radisson Star Plaza, many among this sub-sample of respondents indicated that the ballroom was too small and that the facility was outdated, but were very supportive of a new facility within Lake County.

Update Process

The timeline below summarizes the Consulting Team's process for updating the stakeholder engagement work done for the CSL Report. Our focus was on identifying factors which have shifted in the market since CSL Report's publication, both due to the COVID-19 pandemic and to other factors. We did this through interviews with key stakeholders within the Lake County economic development and hospitality industries, including representatives of:

- The Northwest Indiana RDA
- The South Shore Convention & Visitors Authority
- Local economic development bodies
- County Commissioners and Council Members
- Lake County municipalities where sites under consideration are located



Findings

- Lake County's casinos represent a strong opportunity for a walkable convention center complex. This sort of walkability and density doesn't exist in many places within the county.
- Sports tourism is an important part of Lake County's tourism landscape and could be an opportunity for the new convention center, though there is risk of cannibalizing demand if a new facility is built that targets the same market as existing facilities. As of this report's publication, there is an ongoing study of sports tourism opportunities within Lake County. If a need for more indoor sports tournament space is identified, it could pair naturally with a new convention center.
- The new Hard Rock Casino is the most significant change to Lake County's tourism landscape since the COVID-19 pandemic. Between it, the new Bally's Casino in downtown Chicago, and the Wind Creek Casino in Homewood, IL (expected to open in 2025), the regional gaming landscape has become significantly more competitive in recent years. This may mean that some of the lower-performing or older facilities shake out of the market, though it also suggests that some casino properties may be interested in adding events space to differentiate themselves within the market.
- Lake County continues to grow, attracting residents from northeast Illinois who are interested in its lower taxes and cost of living. This same price advantage could be used to attract events from the Chicago market which don't want to pay that market's prices.

An aerial photograph of a suburban neighborhood, featuring a large, irregularly shaped pond in the center. The houses are arranged in a grid-like pattern with winding streets. The entire image is overlaid with a semi-transparent blue filter. The sky is filled with scattered clouds, and the horizon is visible in the distance.

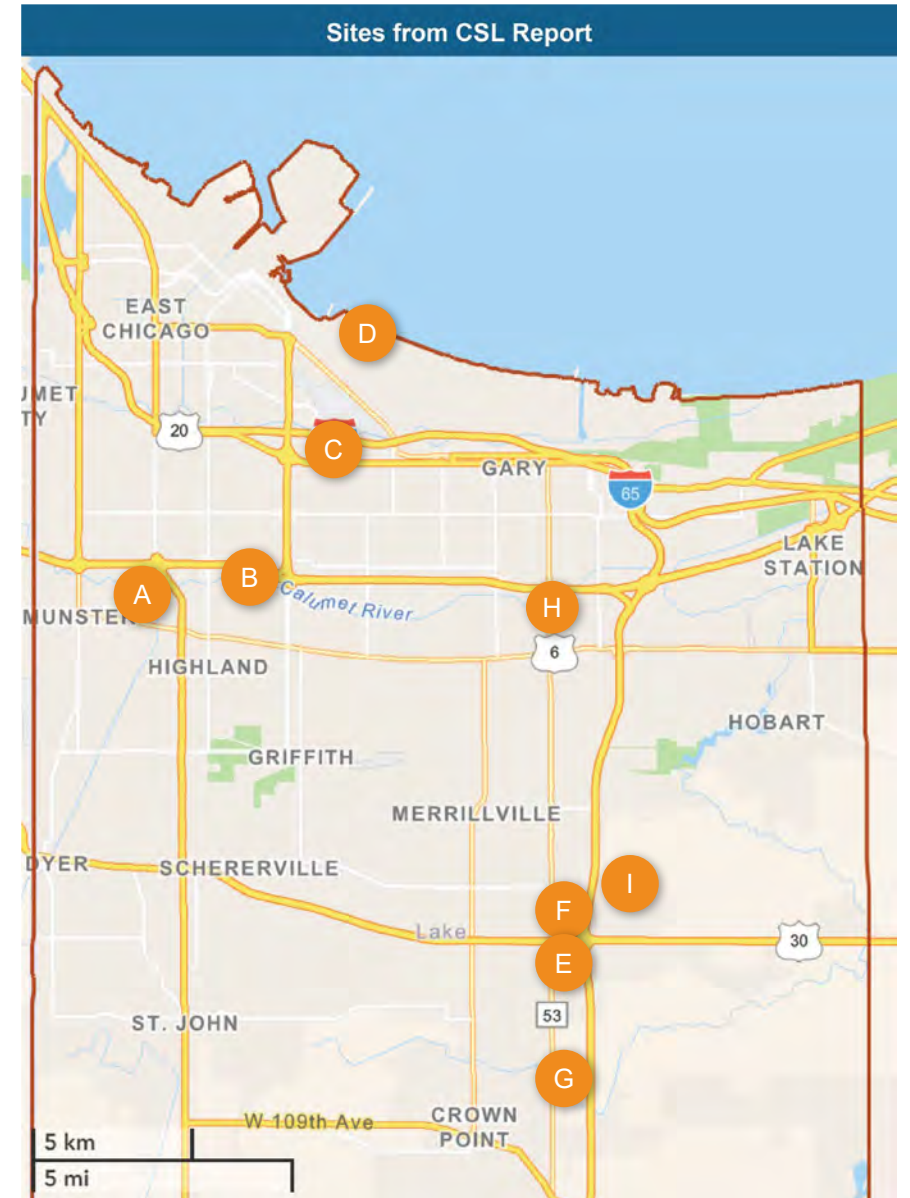
7. Site Analysis

Prior Report Overview

The CSL Report examined nine sites, detailed on the map to the right and below:

- A. Hammond I-94 & US41
- B. Kennedy Ave & I-94
- C. Hammond I-90 & US12
- D. Majestic Star
- E. Century Mall
- F. Radisson/Star Plaza
- G. Crown Point I-65
- H. Gary IU Northwest
- I. Hobart Silverstone

This report considers these original nine sites, plus five additional sites which were submitted for consideration in response to the RDAs 2024 Call for Sites.



Evaluation Process

Building on the work done in the CSL Report, this updated report provides a two-part evaluation process for the 14 sites under consideration. The first part is a high-level qualitative profile of each of the sites, incorporating work from the CSL Report where appropriate, while the second is a quantitative comparison generated by the Consulting Team using Johnson Consulting's proprietary Site Ranking Matrix.

Evaluation Criteria

Marketing Considerations

- Proximity to headquarters hotel
- Concentration of hotel properties
- Hotels within shuttle distance
- Adjacent land use compatibility
- Character / aesthetics
- Proximity to retail & restaurants
- Proximity to tourist attractions / entertainment
- Knowledge of / familiarity with location
- Proximity to airport

Project Development Considerations

- Exhibit hall on one level
- Ability to construct meeting space
- Ability to construct surface parking
- Ability to construct structured parking
- Opportunities for future expansion
- Opportunities for adjacent development

Finance and Operations

- Capital/infrastructure support from local community

Site Access

- Truck
- Pedestrian
- Taxi, bus, and auto access
- Public transportation
- Overflow parking

Site Development Costs

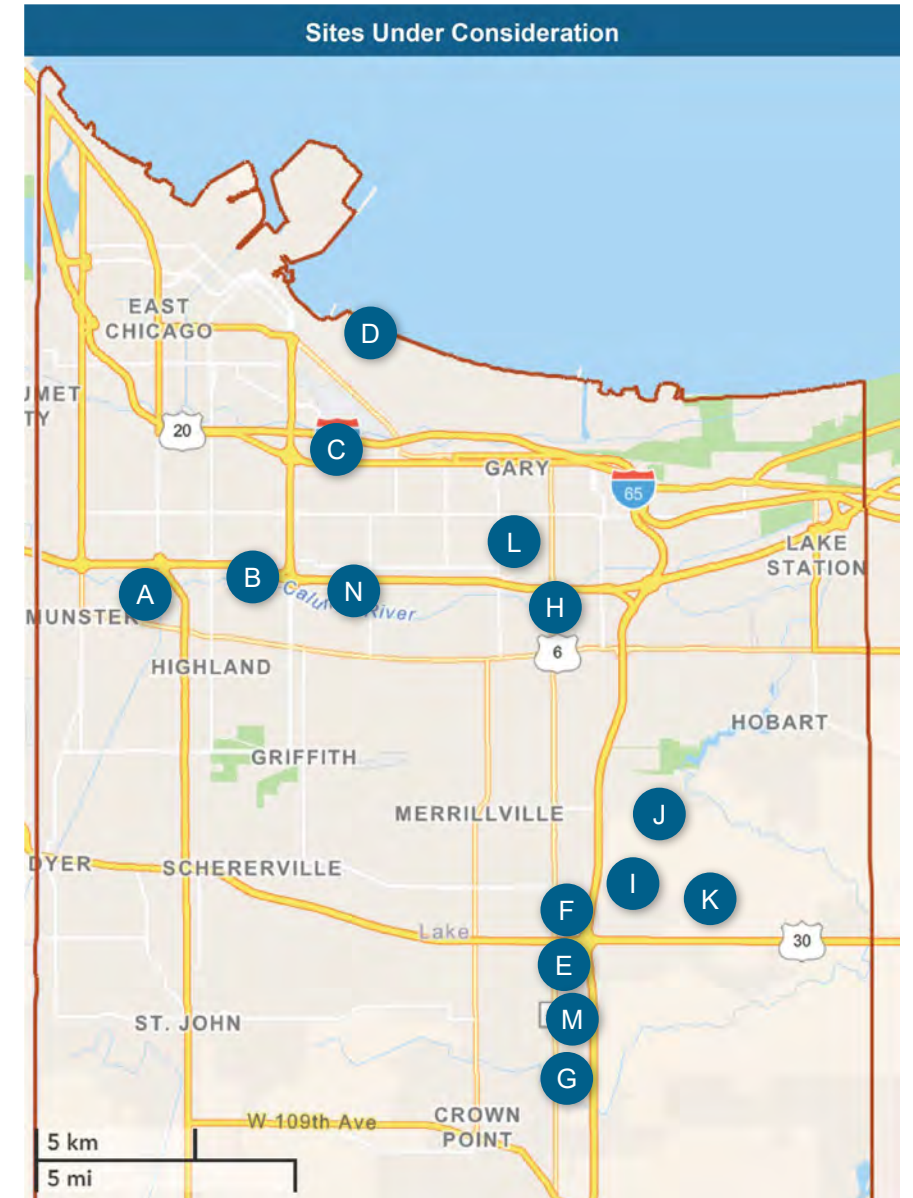
- Site acquisition cost
- Demolition & site preparation
- Construction complexity/ soil suitability

Sites Analyzed

Listed below are the 14 sites considered by this study for the location of a Lake County convention center. Sites A through I were considered in the CSL report, while sites J through N have been added for consideration in this study.

- | | |
|---|---|
| A. Hammond I-94 & US41 | H. Gary IU Northwest |
| B. Kennedy Ave & I-94 | I. Patriot Park (formerly Hobart Silverstone) |
| C. Hammond I-90 & US12 | J. AmeriPlex Southlake |
| D. Majestic Star | K. 7900 Clay St. |
| E. Century Mall | L. 1430 W. 23 rd Avenue |
| F. I-65 & US30 (formerly Radisson/Star Plaza) | M. Merrillville Commerce Center |
| G. Crown Point I-65 | N. Hard Rock Casino |

Note that the profiles for sites A through I have been derived from the CSL report, with any updates noted where applicable and any outdated information omitted.

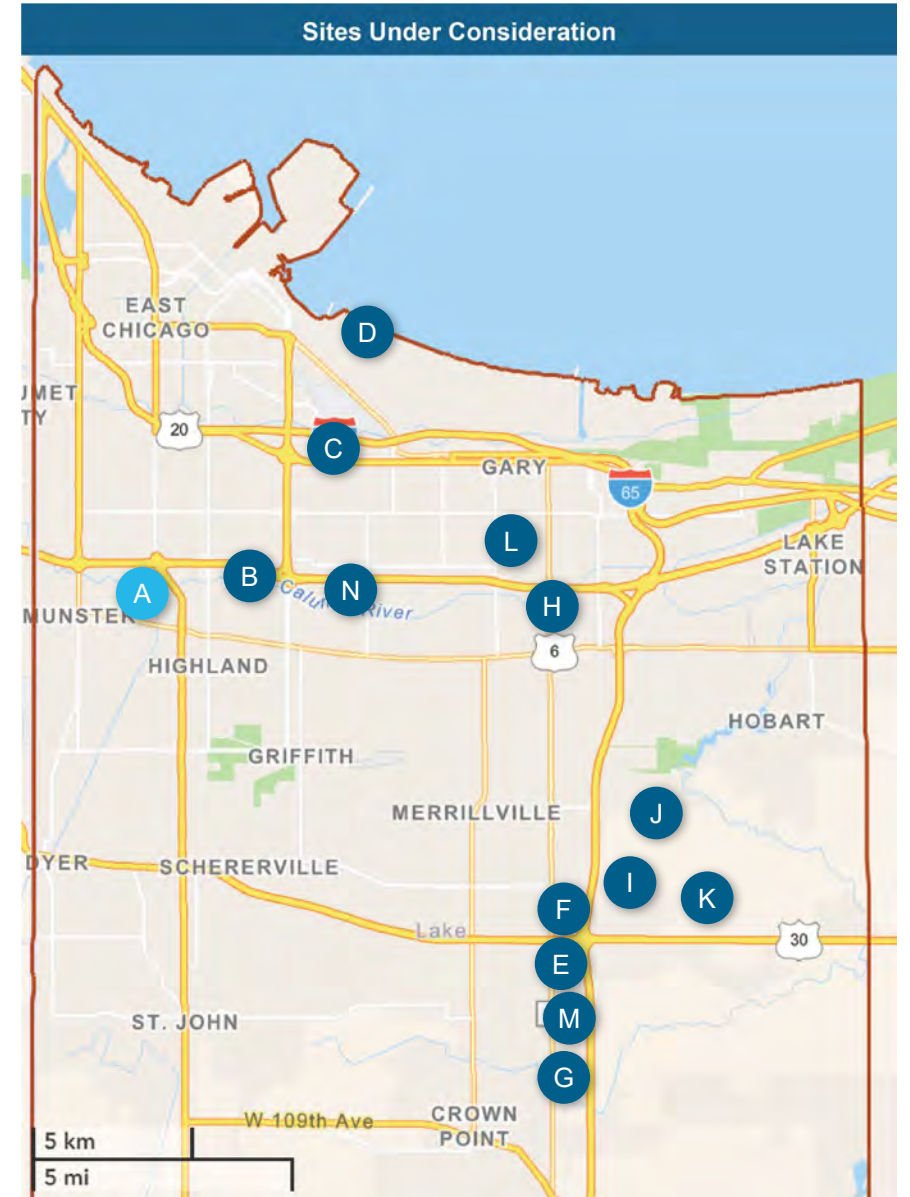


Site A – Hammond I-94 & US41

Address: 7855 Cabela Dr, Hammond, IN

Acreage: ~5 acres

Ownership: Private



Site A – Hammond I-94 & US41

Strengths (from CSL Report):

- Proximity to existing hotel properties
- Easy access to/from I-80
- Parcel size could accommodate convention center, parking, ingress/egress, etc.
- In relative proximity to downtown Chicago

Challenges (from CSL Report):

- Parcel does not offer sufficient space to accommodate additional mixed-use/hospitality development
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
- Suburban retail big box atmosphere does not offer unique destination appeal
- Limited expansion opportunities
- Would require a development of headquarters hotel

Updates:

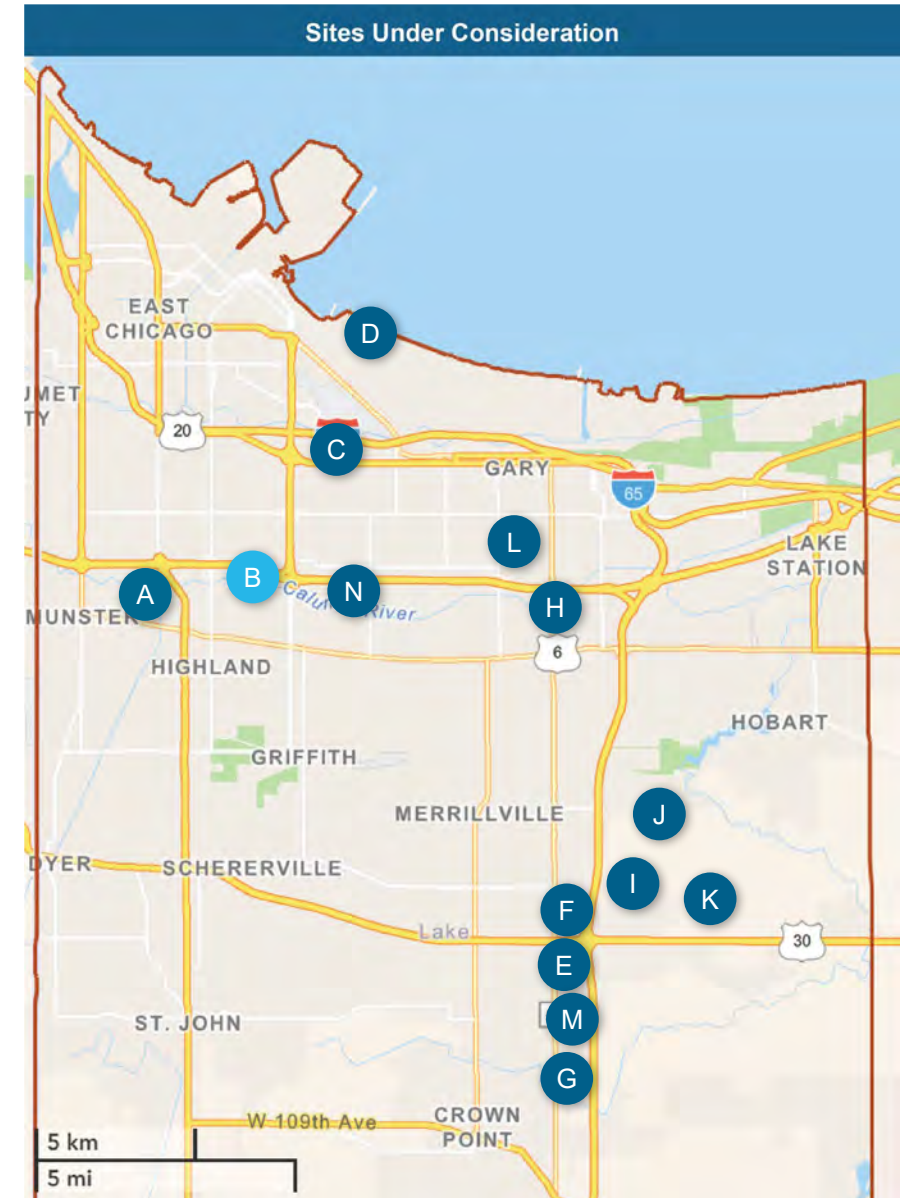
Due to the development of a car wash and a Culver's on part of this site, available acreage has been reduced from ~10 at the time of the CSL Report's publication to ~5 as of this report's publication

Site B – Kennedy Ave & I-94

Address: 3102 177th St #50, Hammond, IN

Acreage: ~25 acres

Ownership: Board of Park Commissioners of Hammond



Site B – Kennedy Ave & I-94

Strengths (from CSL Report):

- Proximity to existing hotel properties
- Easy access to/from I-94
- Parcel size could accommodate convention center, parking, ingress/egress, etc.
- In relative proximity to downtown Chicago
- Potential water bridge connection to land to south
- Publicly-held parcel

Challenges (from CSL Report):

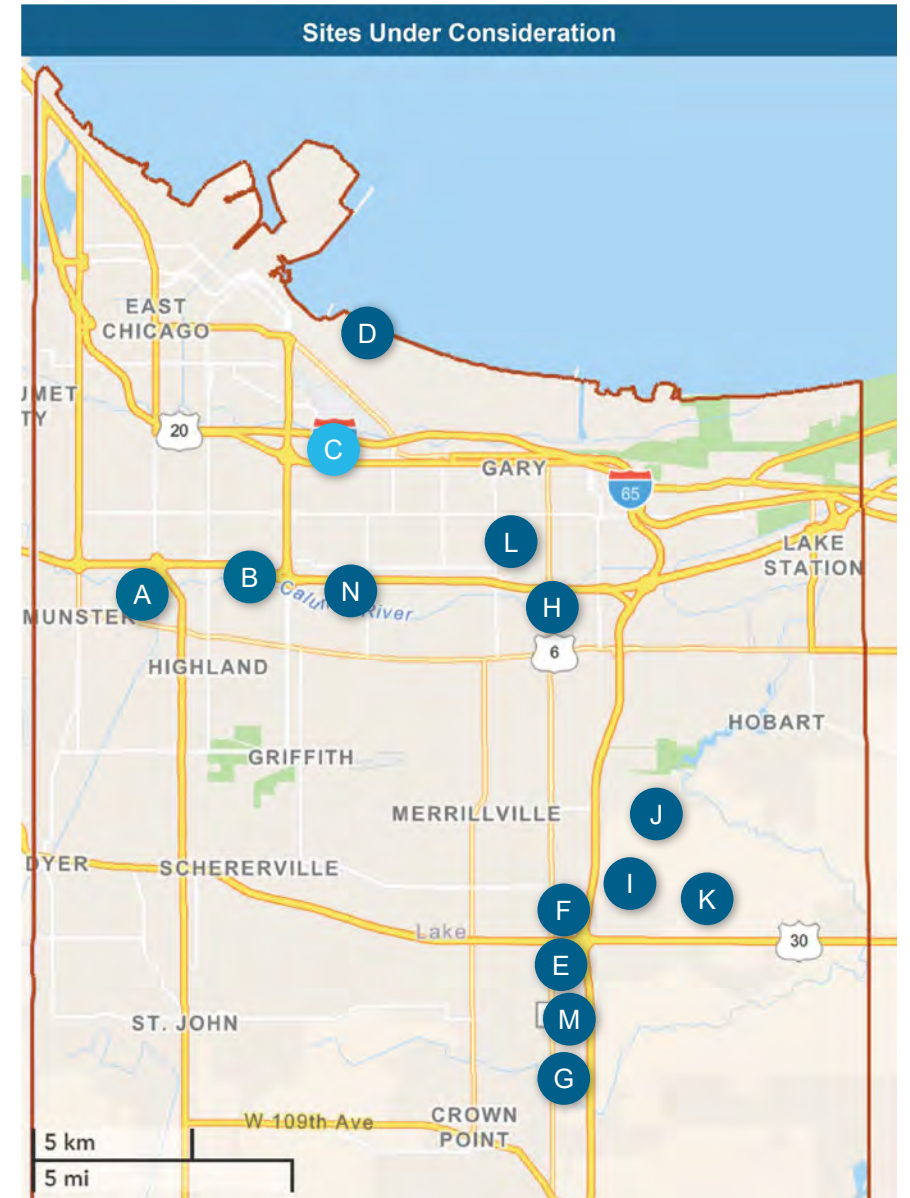
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
- Lack of existing development
- Proximity to wetlands
- Site preparation may be costly
- Would require a development of new headquarters hotel

Site C – Hammond I-90 & US12

Address: 3100 Michigan St, Hammond, IN

Acreage: ~300 acres

Ownership: Private/ State of Indiana/
Hammond Land Reclamation Corp



Site C – Hammond I-90 & US12

Strengths (from CSL Report):

- Easy access to/from I-90
- In relative proximity to downtown Chicago
- Parcel size could accommodate convention center, parking, ingress/egress, etc.
- Enough available space for future expansion and/or complimentary development opportunities
- Included in existing TIF district

Challenges (from CSL Report):

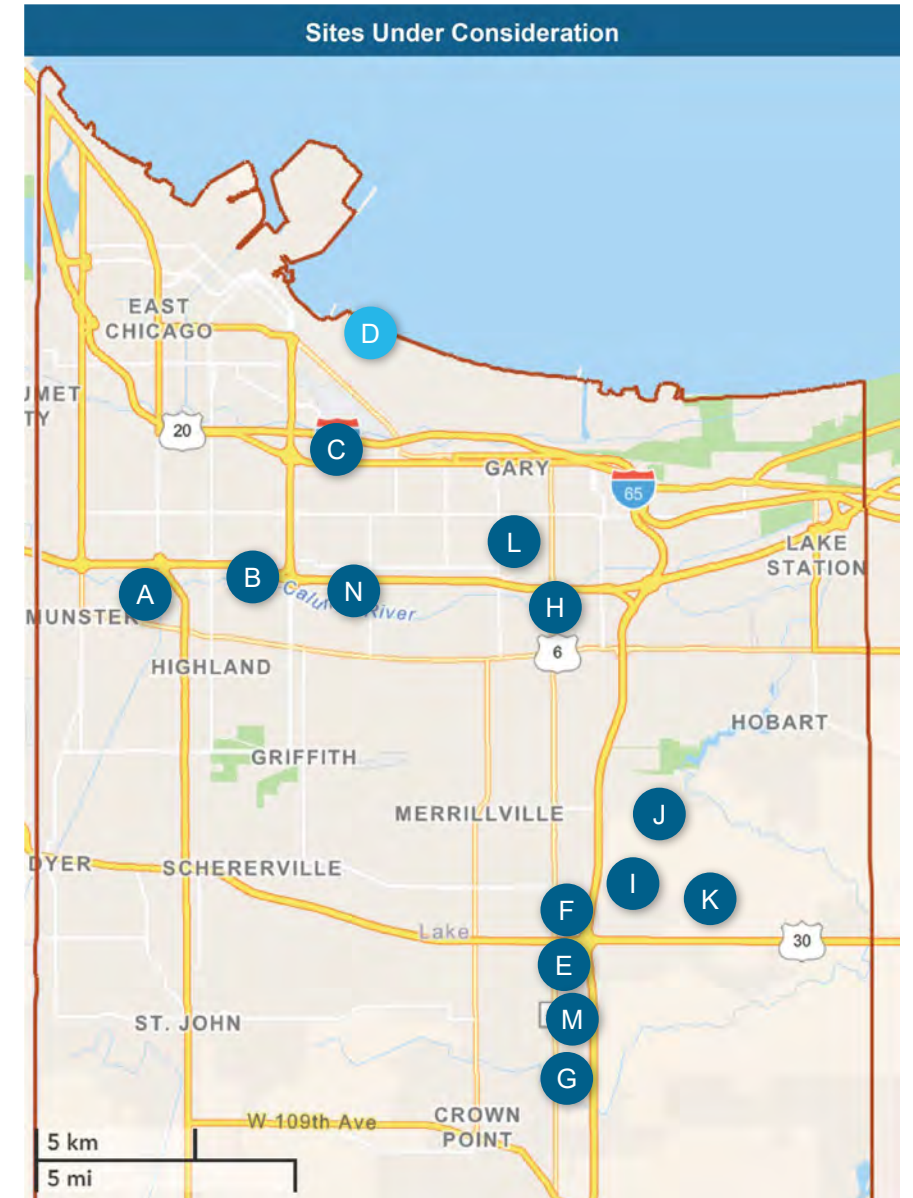
- Nearly a ten minute drive to nearest hotel room supply
- Lack of commercial development and hospitality amenities in the area surrounding parcel
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
- Lack of existing development
- In close proximity to residential area
- Would require development of a new headquarters hotel

Site D – Majestic Star

Address: 500 N Morse St, Gary, IN

Acreage: ~65 acres

Ownership: Private



Site D – Majestic Star

Strengths (from CSL Report):

- Parcel size could accommodate convention center, parking, ingress/egress, etc.
- Included in existing TIF District

Challenges (from CSL Report):

- Lack of additional hotel support
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
- Lack of nearby visitor amenities

Updates:

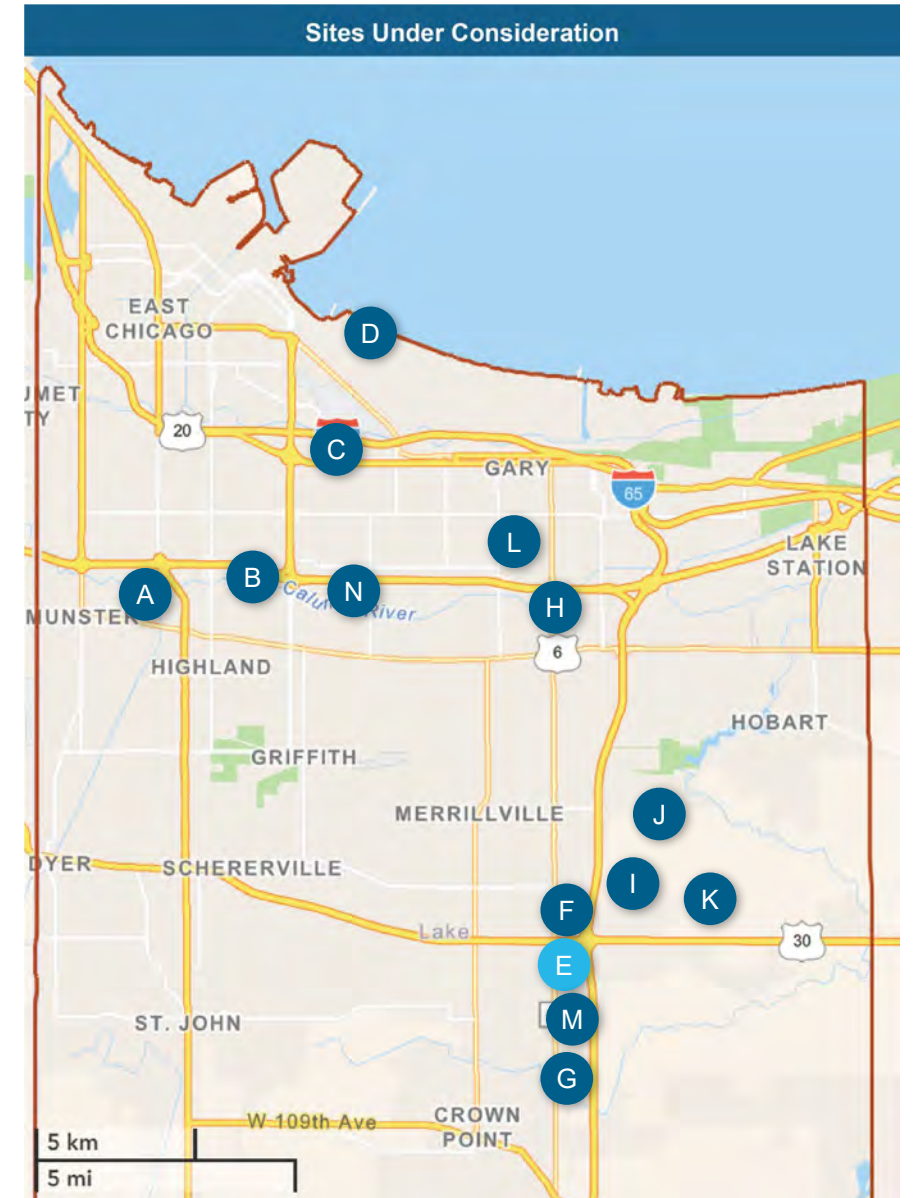
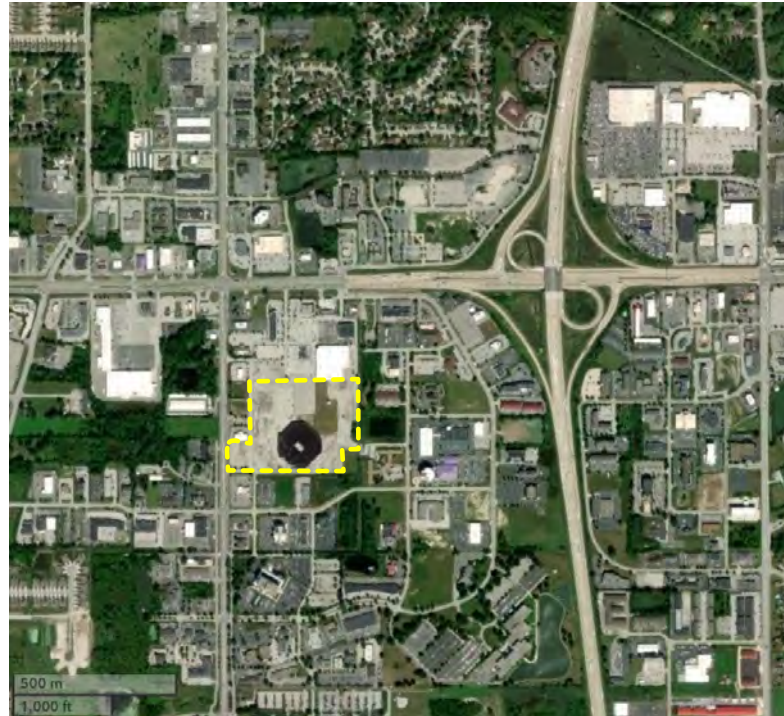
The Majestic Star Casino closed in April 2021, rendering some of the strengths noted in the CSL Report (i.e., the existing hotel and on-site casino amenity) no longer accurate. Additional challenges associated with the site now include a lack of proximate amenities, and the need to renovate or demolish the casino/ hotel buildings in order to build a new convention center. Further, in March 2024, it was reported that Indiana Sugars, Inc. had purchased the property and an adjoining 22 acres with the intention of building a new corporate headquarters on the site.

Site E – Century Mall

Address: c, IN

Acreage: ~25 acres

Ownership: Private



Site E – Century Mall

Strengths (from CSL Report):

- Proximity to largest concentration of hotel properties in County
- Proximity to existing restaurant and retail options
- Easy access to/from I-65 and Route 30
- Parcel size could accommodate convention center, parking, ingress/egress, etc.
- Enough available space for future expansion and/or complimentary development opportunities
- Included in existing TIF District

Challenges (from CSL Report):

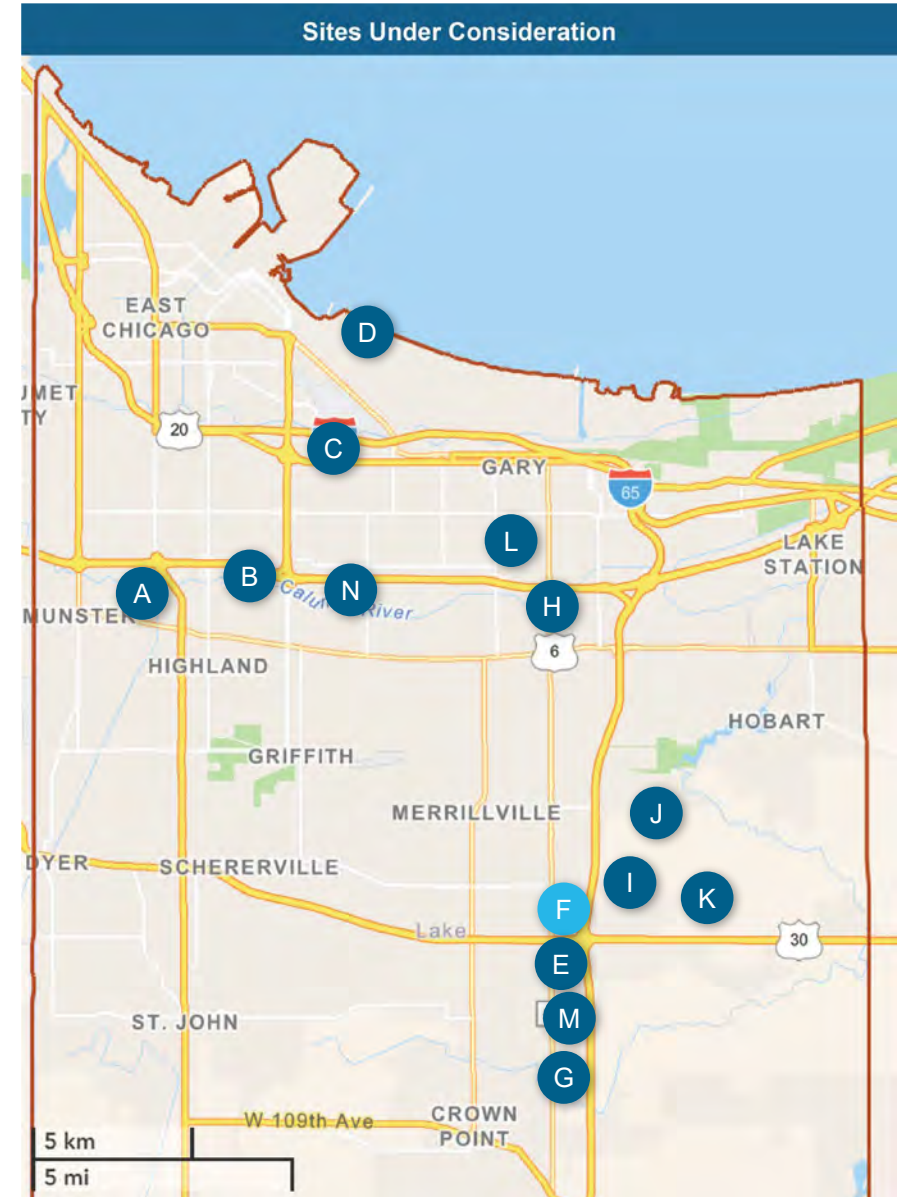
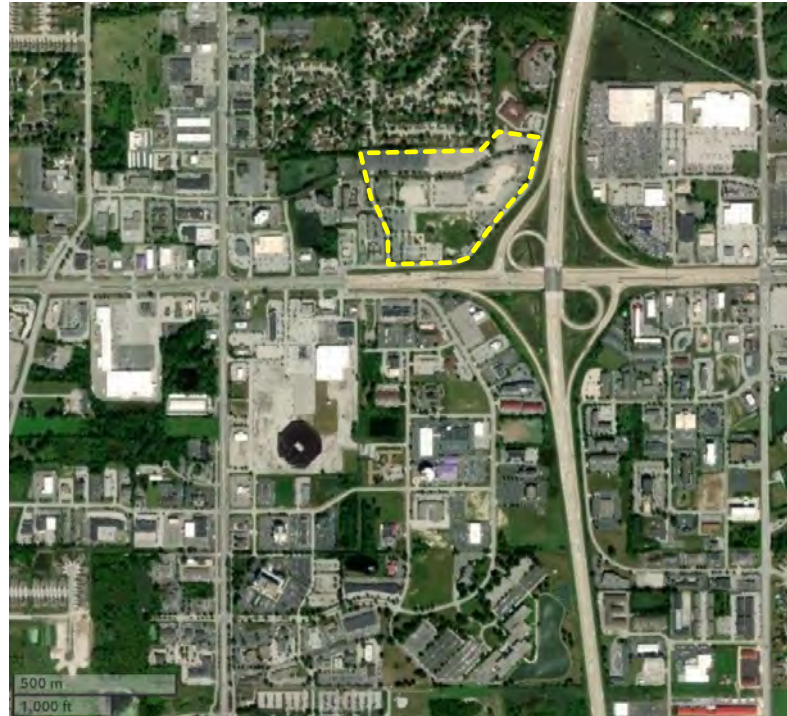
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
- Lack of existing nightlife and/or entertainment venues
- Suburban mall atmosphere does not offer unique destination appeal
- Would require removal of existing structures
- Would require development of a new headquarters hotel
- Distance from downtown Chicago

Site F – I-65 & US30

Address: 800 E 81st Ave, Merrillville, IN

Acreage: ~25 acres

Ownership: Private



Site F – I-65 & US30

Strengths (from CSL Report):

- Proximity to largest concentration of hotel properties in County
- Proximity to existing restaurant and retail options
- Easy access to, and highly visible from, I-65 and Route 30
- Site already widely recognized by state and regional event market
- Parcel size could accommodate convention center, parking, ingress/egress, etc.
- Opportunity to leverage planned new full-service hotel product
- Enough available space for future expansion and/or complimentary development opportunities

Updates:

The I-65 & US30 site is now within a TIF district.

Challenges (from CSL Report):

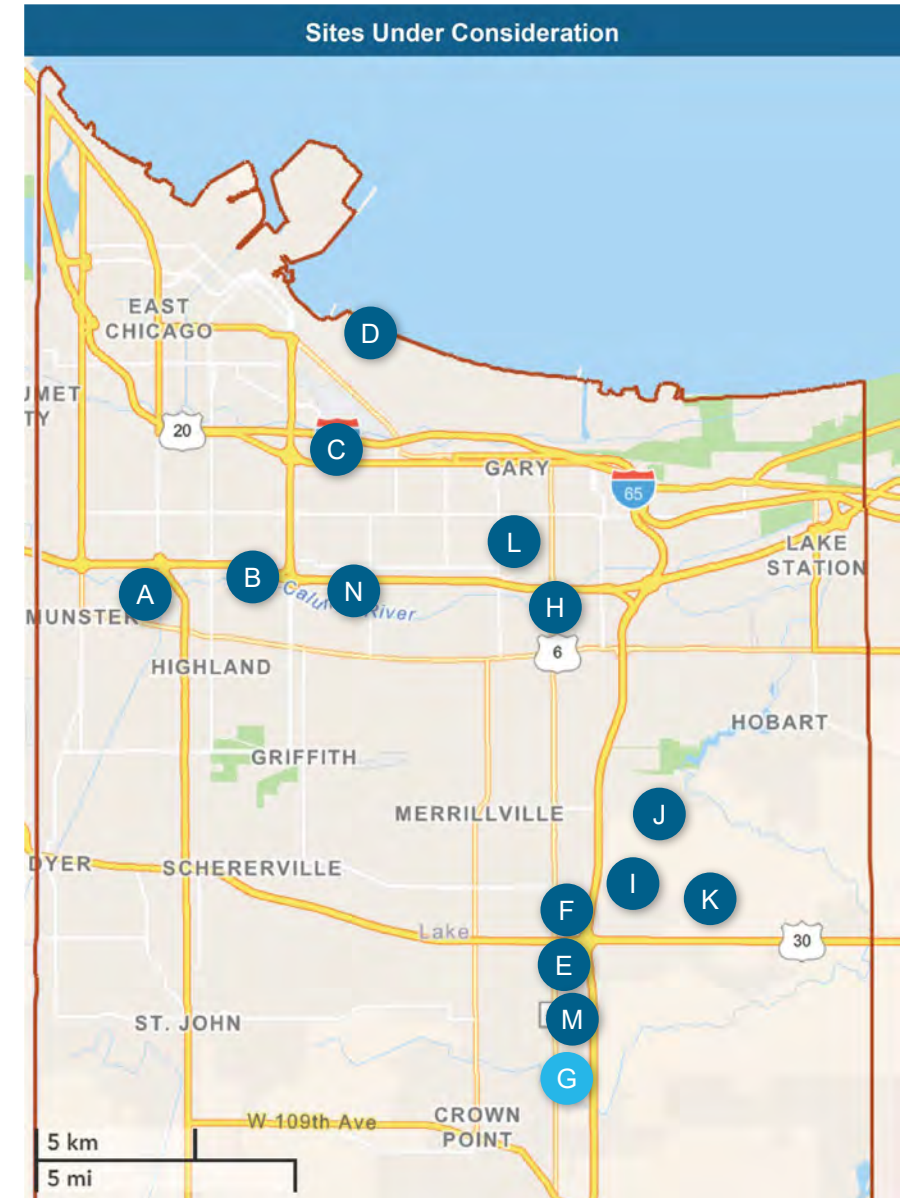
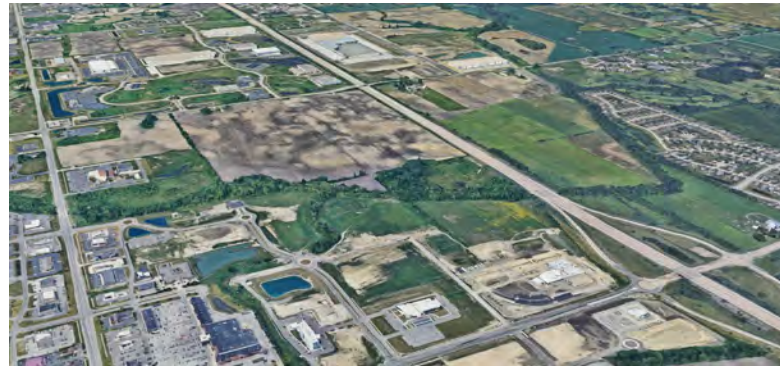
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
- Lack of existing nightlife and/or entertainment venues
- Suburban mall atmosphere does not offer unique destination appeal
- Would require negotiated public/private partnership
- Distance from downtown Chicago

Site G – Crown Point I-65

Address: 601 E 101st Ave, Crown Point, IN

Acreage: ~220 acres

Ownership: Private/ City of Crown Point



Site G – Crown Point I-65

Strengths (from CSL Report):

- Easy access to/from I-65
- Parcel size could accommodate convention center, parking, ingress/egress, etc.
- Enough available space for future expansion and/or complimentary development opportunities
- Included in existing TIF district

Challenges (from CSL Report):

- Walkability of site limited; vehicle transportation necessary to access much of surrounding infrastructure
- Lack of existing development
- Suburban atmosphere does not offer unique destination appeal
- Distance from downtown Chicago
- Would require development of a new headquarters hotel

Updates:

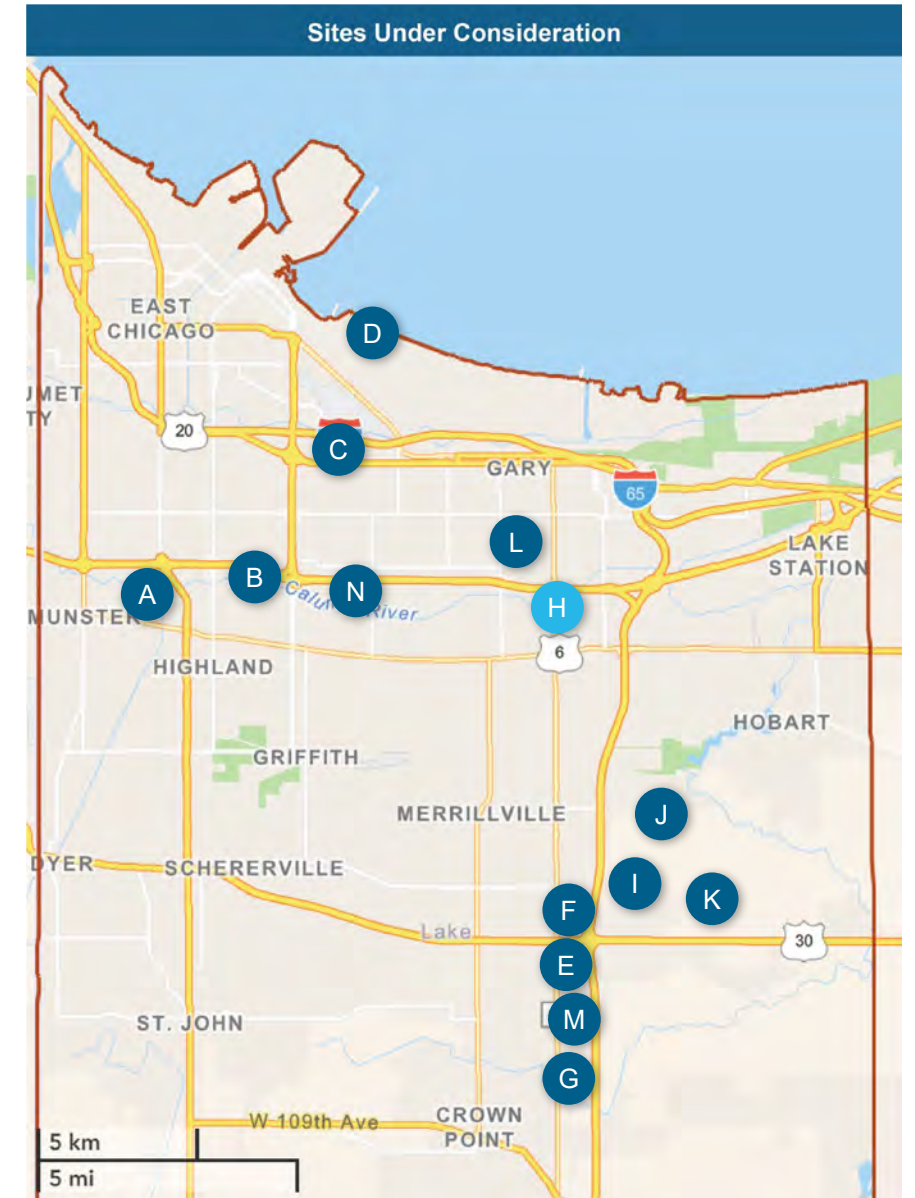
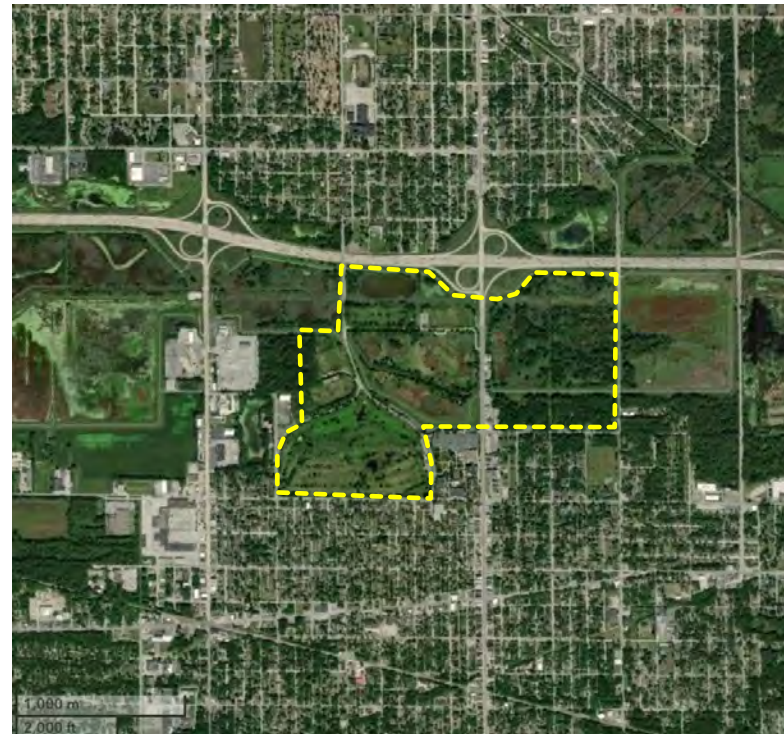
Since the CSL Report's publication, the southern part of this site (fronting along East 109th Avenue) has been developed, reducing the site's overall available acreage from ~275 to ~220. Additionally, roads and roundabouts have been added to the southwest side of the site.

Site H – Gary IU Northwest

Address: 301 W 30th Ave, Gary, IN

Acreage: ~460 acres

Ownership: City of Gary



Site H – Gary IU Northwest

Strengths (from CSL Report):

- Easy access to/from I-65
- Parcel size could accommodate convention center, parking, ingress/egress, etc.
- Enough available space for future expansion and/or complimentary development opportunities
- Publicly held parcel

Challenges (from CSL Report):

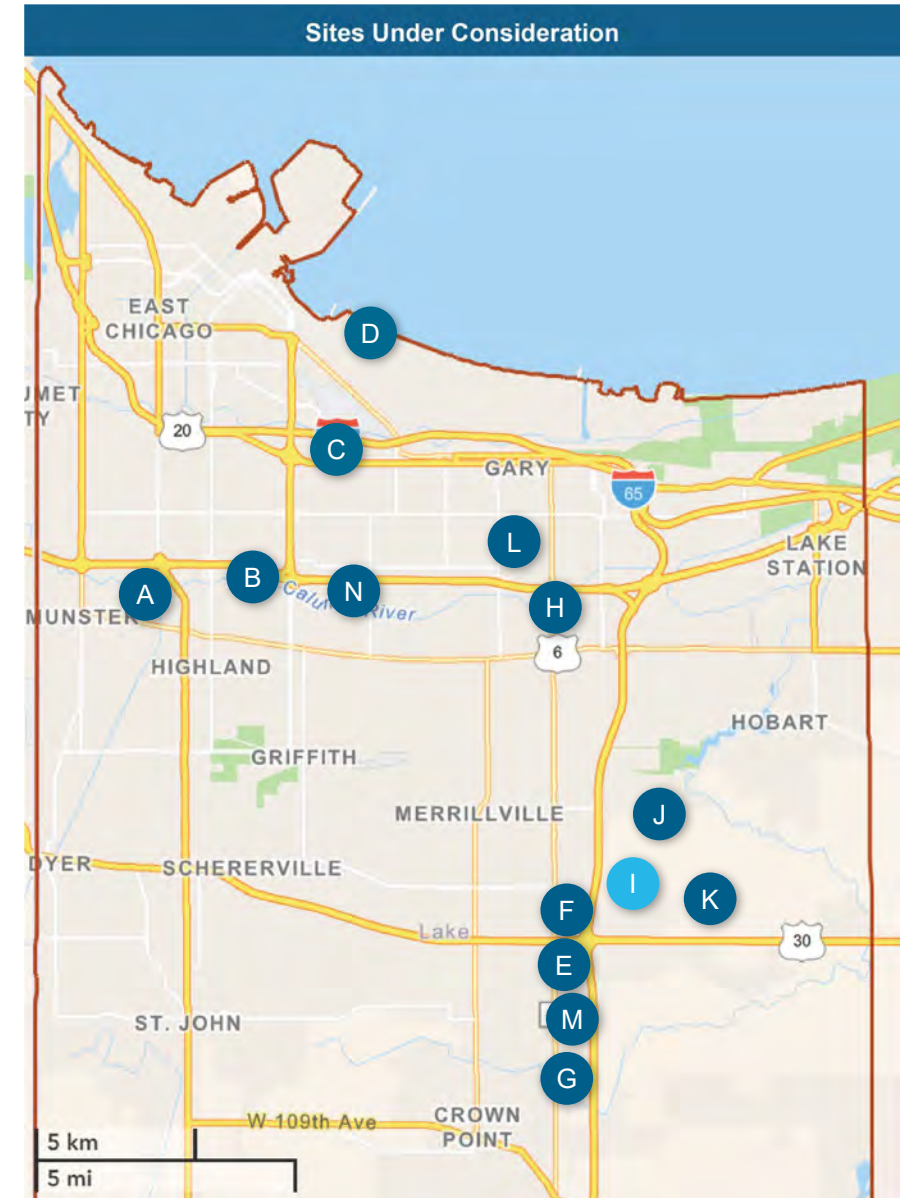
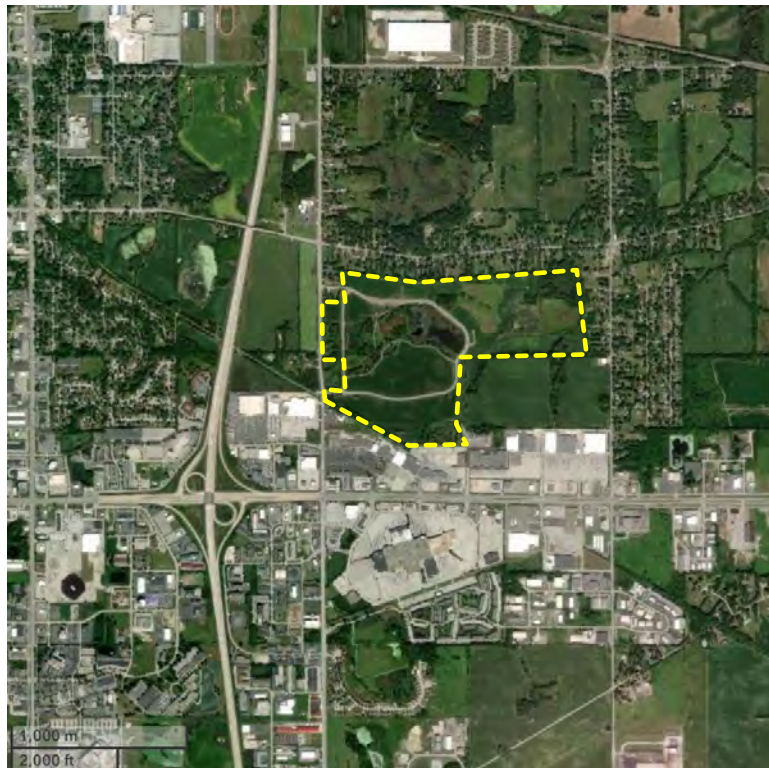
- Nearly a five minute drive to nearest hotel room supply
- Lack of commercial development and hospitality amenities in the area surrounding parcel
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
- Lack of existing development in close proximity to residential areas
- Distance from downtown Chicago
- Would require development of a new headquarters hotel

Site I – Patriot Park (Formerly Hobart Silverstone)

Address: 7800 Mississippi St, Hobart, IN

Acreage: ~230 acres

Ownership: Private / City of Hobart



Site I – Patriot Park (Formerly Hobart Silverstone)

Strengths (from CSL Report):

- Proximity to largest concentration of hotel properties in County, with nearly 2,300 rooms within a 10-minute drive
- Proximity to existing restaurant and retail options
- Easy access to/from I-65 and Route 30
- Parcel size could accommodate convention center, parking, ingress/egress, etc.
- Enough available space for future expansion and/or complimentary development opportunities

Challenges (from CSL Report):

- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
- Lack of existing development
- Suburban mall atmosphere does not offer unique destination appeal
- Distance from downtown Chicago
- Would require development of a new headquarters hotel

Updates:

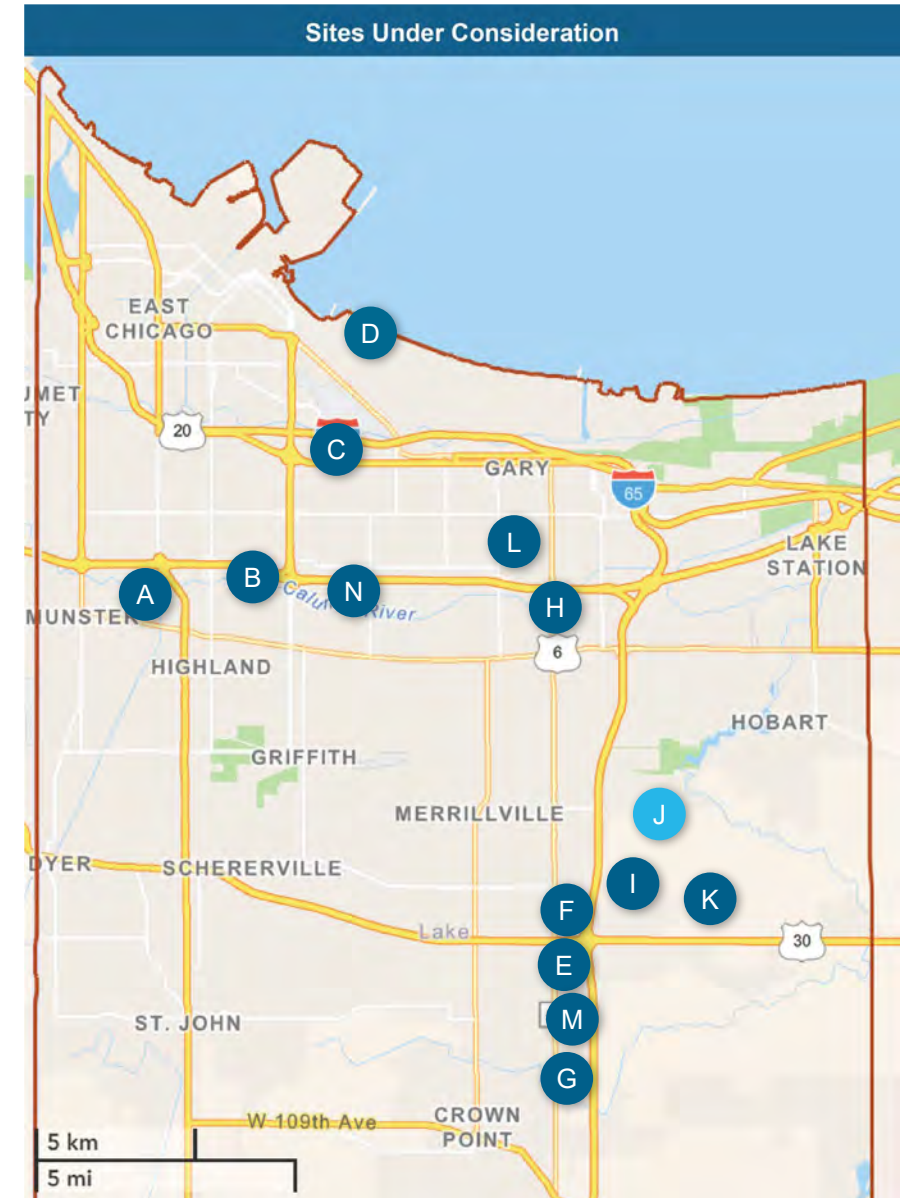
Since the CSL Report's publication in 2018, the plans for this site have developed further, leading to its renaming from "Hobart Silverstone" to "Patriot Park." A master plan has emerged for a district which features a mix of real estate uses including residential retail, light industrial / warehousing, and office. Some strip retail is already under construction on the southwest corner of the site fronting onto Mississippi Street. Furthermore, discussions are ongoing with a potential sports complex developer and consideration is being given to a Top Golf like driving range on the site as well. If this development were to occur this site would be ideally suited for a convention center, though at this point there is no certainty as to whether it will. Additionally, this site is now within a TIF district

Site J – AmeriPlex Southlake

Address: 6197 Colorado St, Hobart, IN

Acreage: ~155 acres

Ownership: Private



Site J – AmeriPlex Southlake

Strengths:

- Easy car access from I-65
- Large amount of buildable area to accommodate construction and potential expansion
- Within an existing TIF district

Challenges:

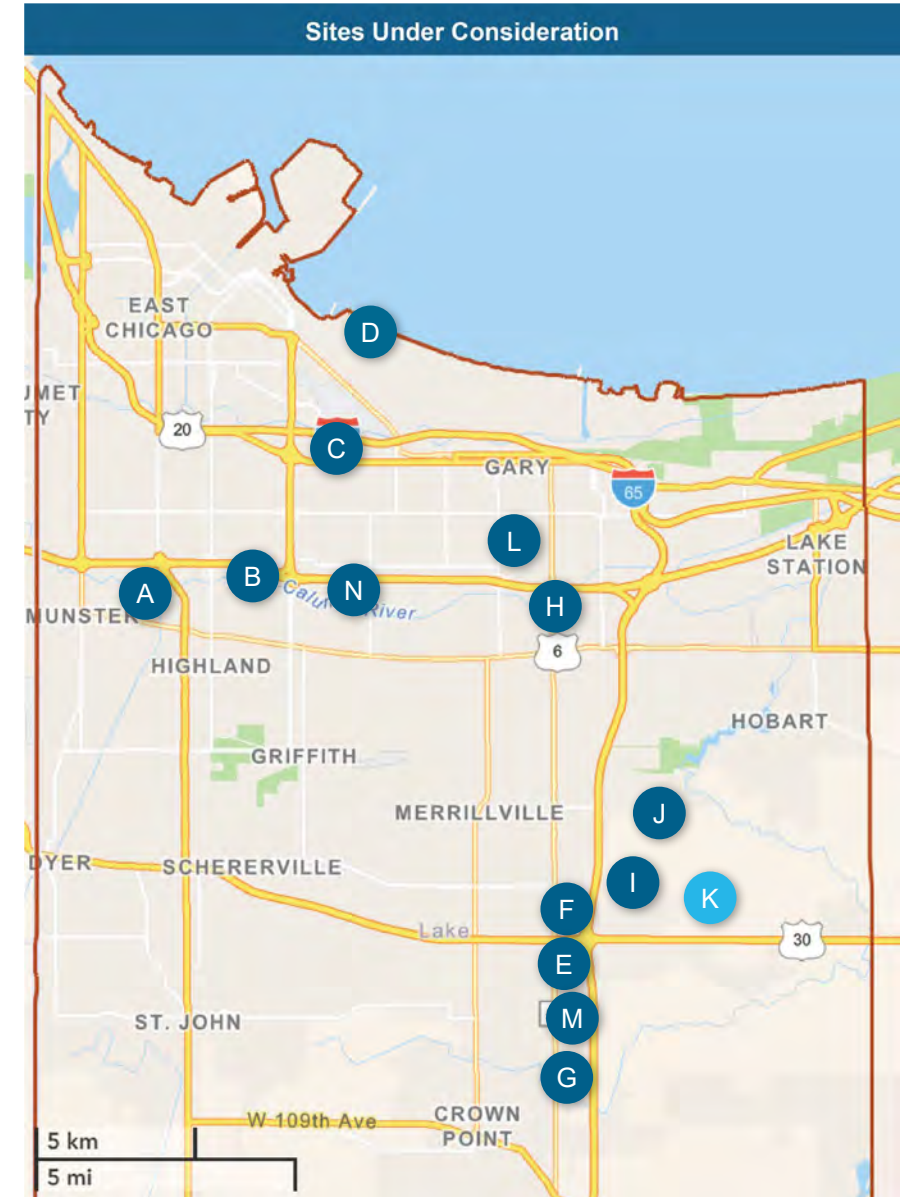
- No proximate hotel inventory
- No proximate retail, dining, or entertainment amenities
- Limited walkability and no transit access
- Distance from airport
- Low visibility site

Site K – 7900 Clay Street

Address: 7900 Clay Street, Hobart, IN

Acreage: ~138 acres

Ownership: Private



Site K – 7900 Clay Street

Strengths:

- Large amount of buildable area to accommodate construction and potential expansion
- Within a TIF district

Challenges:

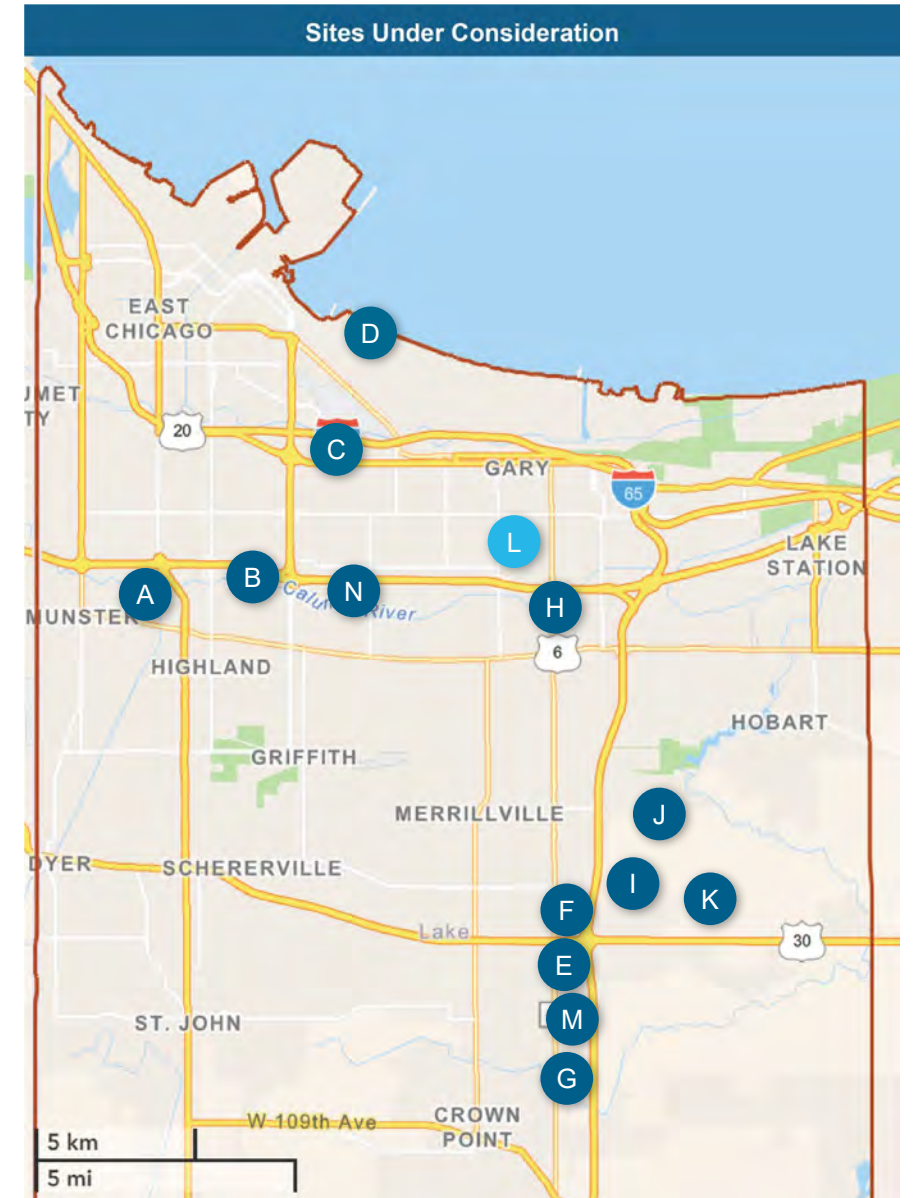
- No proximate hotel inventory
- No proximate retail, dining, or entertainment amenities
- Limited walkability and no transit access
- Distance from airport
- Low visibility site
- Poor truck access

Site L – 1430 W. 23rd Avenue

Address: 1430 W. 23rd Avenue, Gary, IN

Acreage: ~19 acres

Ownership: Private



Site L – 1430 W. 23rd Avenue

Strengths:

- Enough buildable area to accommodate construction and potential expansion
- Easy car access from I-94

Challenges:

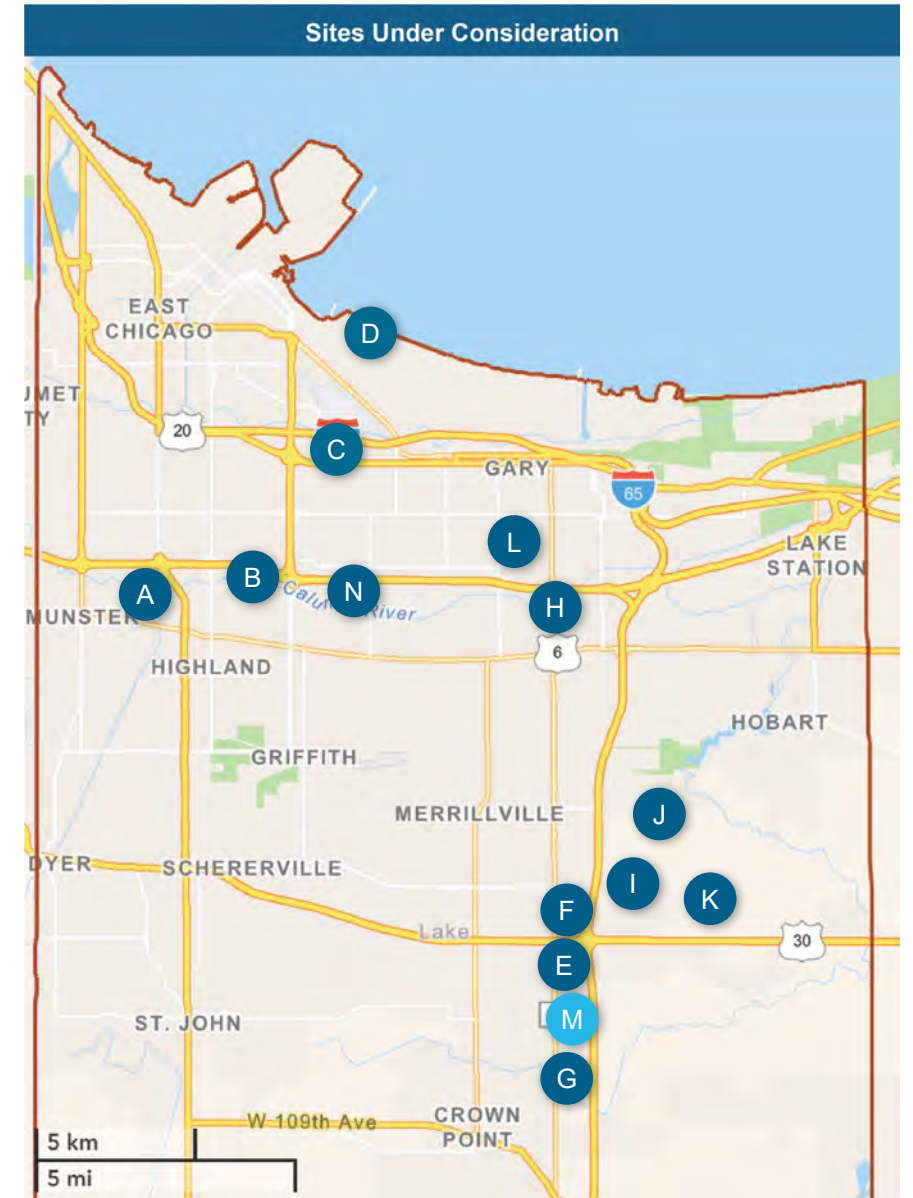
- No proximate hotel inventory
- No proximate retail, dining, or entertainment amenities
- Limited walkability and no transit access
- Low visibility site
- Would need to demolish existing structures

Site M – Merrillville Commerce Center

Address: East 93rd Ave & Georgia St, Merrillville, IN

Acreage: ~87 acres

Ownership: Private



Site M – Merrillville Commerce Center

Strengths:

- Enough buildable area to accommodate construction and potential expansion
- Easy car and truck access from I-94
- Within a TIF district

Challenges:

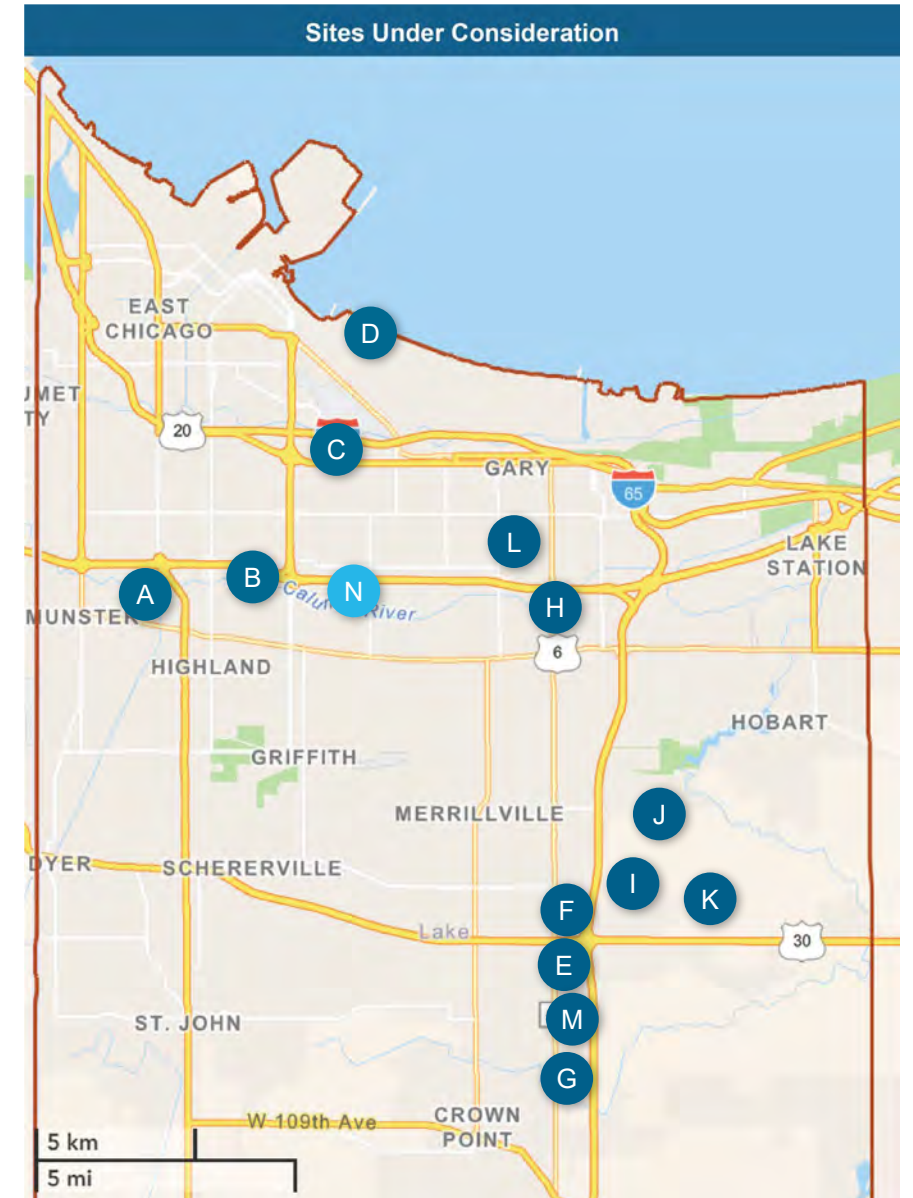
- No on-site hotel inventory
- No adjacent retail, dining, or entertainment amenities
- Distance from airport
- Limited walkability and no transit access
- Adjacent land uses are unattractive

Site N – Hard Rock Casino

Address: 5800 W 29th Ave, Gary, IN

Acreage: ~36 acres

Ownership: Private (several owners) / City of Gary



Site N – Hard Rock Casino

Strengths:

- Proximity to retail, restaurants, and entertainment (at casino)
- Enough buildable area to accommodate construction and potential expansion
- Easy car and truck access from I-94
- High visibility
- Within a TIF district

Challenges:

- No on-site hotel inventory
- Limited walkability and no transit access

**Northwest Indiana Convention Center
Site Ranking Matrix**

Criteria	Priority Weight	Site A	Site B	Site C	Site D	Site E	Site F	Site G	Site H	Site I	Site J	Site K	Site L	Site M	Site N
		Hammond I-94 & US-41	Kennedy Avenue & I-94	Hammond I-90 & US-12	Majestic Star	Century Mall	I-65 & US30	Crown Point I-65	Gary IU Northwest	Patriot Park	Ameriplex Southlake	7900 Clay Street	1430 W. 23rd Avenue	Merrillville Commerce Center	Hard Rock Casino
		Hammond	Hammond	Hammond	Gary	Merrillville	Merrillville	Crown Point	Gary	Hobart	Hobart	Hobart	Gary	Merrillville	Gary
Marketing Considerations															
Proximity to headquarters hotel	Critical - 3	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Concentration of hotel properties	Important - 2	2	3	1	1	2	2	1	1	2	1	1	1	1	1
Hotels within shuttle distance	Important - 2	3	3	2	1	3	3	1	1	3	1	2	1	2	1
Adjacent land use compatibility	Important - 2	2	3	1	1	2	1	2	1	3	1	1	1	1	2
Character / aesthetics	Important - 2	2	2	1	1	1	1	1	2	3	2	2	1	1	1
Proximity to retail & restaurants	Important - 2	3	3	1	1	3	2	2	1	3	1	1	1	1	3
Proximity to tourist attractions / entertainment	Important - 2	2	2	1	1	1	1	1	1	3	1	1	1	1	3
Knowledge of / familiarity with location	Important - 2	3	2	1	2	3	3	3	2	2	1	1	1	2	3
Proximity to airport	Minor - 1	2	2	2	2	1	1	1	2	2	1	2	2	1	2
Project Development Considerations															
Exhibit hall on one level	Critical - 3	1	3	3	3	3	3	3	3	3	3	3	3	3	3
Ability to construct meeting space	Critical - 3	1	3	3	3	3	3	3	3	3	3	3	3	3	3
Ability to construct surface parking	Important - 2	1	3	3	3	3	3	3	3	3	3	3	3	3	3
Ability to construct structured parking	Important - 2	1	2	3	3	3	3	3	3	3	3	3	3	3	3
Opportunities for future expansion	Important - 2	1	2	3	3	3	3	3	3	3	3	3	2	3	3
Opportunities for adjacent development	Critical - 3	1	1	1	1	3	3	3	3	3	2	2	1	3	3
Site Access															
Truck	Critical - 3	3	1	3	3	3	3	2	2	3	2	1	2	3	3
Pedestrian	Important - 2	1	2	1	1	1	1	1	1	2	1	1	1	1	1
Taxi, bus, and auto access	Important - 2	3	2	3	3	3	3	3	3	3	3	2	3	3	3
Public transportation	Important - 2	1	1	1	2	1	1	1	1	1	1	1	1	1	1
Overflow parking	Minor - 1	1	2	1	3	3	3	1	2	3	1	1	1	3	3
Site Development Costs															
Site acquisition cost	Critical - 3	1	3	2	1	1	1	2	3	2	1	1	1	1	2
Demolition & site preparation	Important - 2	2	1	1	1	1	3	1	2	3	3	1	1	3	1
Construction complexity/ soil suitability	Important - 2	2	1	1	1	3	3	2	2	2	3	2	2	3	3
Finance and Operations															
Capital/infrastructure support from local community*	Critical - 3	2	3	3	1	3	3	2	3	3	2	1	2	1	3
Weighted Site Score		91	113	99	94	121	121	106	112	137	100	89	88	107	123

*Note that this is based on preliminary conversations and information about community support, and will be developed further in future project phases

Source: Johnson Consulting

Site Ranking Matrix Results

As is shown in the matrix on the previous page, the 14 sites have been evaluated based on 24 variables. Each variable is assigned a weight of 1 (“minor”), 2 (“important”), or 3 (“critical”). Each site is given a base score of 3 (“good”), 2 (“neutral”), or 1 (“concern”) for each variable. The base scores are then multiplied by their respective weights, and the products – the weighted scores – are summed for each site to generate the “Weighted Site Score” shown in the matrix’s bottom row. Note that, for visual clarity, weighted scores for each individual variable are not displayed in the matrix.

This methodology results in a lowest possible score of 53 and a highest possible score of 159. In this case, the Weighted Site Scores ranged from a low of 88 to a high of 137. The following five sites scored the highest:

1. Site I – Patriot Park – 137 Weighted Site Score
2. Site N – Hard Rock Casino – 123 Weighted Site Score
3. Site E – Century Mall – 121 Weighted Site Score
4. Site F – I-65 & US30 – 121 Weighted Site Score
5. Site B – Kennedy Avenue & I-94 – 113 Weighted Site Score

Implications

Though the five sites identified are the strongest among those analyzed, they each have risk factors which will need to be considered as this project advances, detailed below.

Site I – Patriot Park – 137 Weighted Site Score: This site scores the highest not due to its current conditions, but due to the potential of the real estate district currently being contemplated. If that district were to be developed, this would be an ideal location for a convention center, but that is not certain at this time. This development's progress should be monitored closely as Lake County considers this site.

Site N – Hard Rock Casino – 123 Weighted Site Score: The proximity to the Hard Rock Casino presented by this site would help the proposed convention center capitalize on one of Lake County's greatest tourist attractions, as well as position it next to numerous dining, retail, and entertainment options. However, while casinos are highly synergistic with certain events (e.g., car shows), they are a deterrent for others (e.g., family-oriented consumer shows). This would limit the convention center's flexibility, putting it at greater risk in the event of a market downturn. Furthermore, the land assembly involved in this site would be complex, potentially delaying the project's timeline and adding significant cost.

Site E – Century Mall – 121 Weighted Site Score: The Century Mall represents an interesting redevelopment opportunity, with plenty of buildable land and amenities within driving distance. However, the demolition of the existing structure would add significant cost to the project. Furthermore, the site lacks walkability and attractiveness, meaning that significant work would need to be done in order for it to appeal to meeting planners.

Site F – I-65 & US30 – 121 Weighted Site Score: This site presents similar strengths and challenges as the Century Mall site. Its advantage is that there is no existing structure that would need to be demolished, while its disadvantage is that it is separated from most of the proximate amenities by US Highway 30, severely limiting its walkability now and in the future.

Site B – Kennedy Avenue & I-94 – 113 Weighted Site Score: This site would provide the most walkability and proximate amenities of any analyzed, in tandem with visibility and accessibility via I-94. However, it is constrained from a size perspective, making future expansion challenging, and the soil conditions on the site could prove to be problematic for construction.

An aerial photograph of a suburban neighborhood, featuring a large, winding pond in the center. The houses are densely packed, and the streets are visible. The entire image is overlaid with a semi-transparent blue filter. The sky is filled with scattered clouds, and the overall tone is cool and professional.

8. Recommendations

Prior Report Recommendations

The program recommended in the CSL Report is summarized in the table to the right. In general, flexibility was emphasized as a critical part of these spaces, with CSL recommending that the exhibit hall and ballroom be column-free, subdivisible, and have high ceilings (30 to 35 feet for the exhibit hall and 20 to 25 feet for the ballroom).

Additionally, the CSL Report emphasized that a significant inventory of hotel rooms would be required to support this project:

- An attached or adjacent full-service hotel with at least 225 rooms and a national brand
- 400+ hotel rooms within walking distance of the convention center
- 700+ hotel rooms within ½ mile of the convention center

CSL Report Recommended Program

Space	Size (SF)
<i>Function Space</i>	
Exhibit Hall	40,000
Ballroom	17,000
Breakout Meeting Rooms	13,000
Total	70,000
<i>Support Space</i>	
Prefunction Space/Circulation	28,000
Loading, Service & Storage	12,600
Restrooms	7,000
Vertical Circulation	4,900
Food Service	8,400
Administration Space	5,600
Building Support	7,000
Total	73,500
Total Building Area	143,500

Source: CSL

Updates

In general, the Consulting Team concurs with the CSL Report's findings and recommended program. A few points to note:

- Ballroom space has been adjusted from 17,000 to 18,000 square feet and breakout meeting space from 13,000 square feet to 15,000 square feet. This brings the space ratio closer to a 1:1 of ballroom + meeting : exhibit space, which is considered ideal for flexibility. It would also help the facility capture more local meetings and social events such as weddings, banquets, galas, and parties.
- A contiguous space of at least 40,000 square feet would help future-proof the facility, allowing events to grow into it and providing access to a larger market of events.
- Consideration could be given to phasing the development of the convention center by building part of it with a plan to expand it as the market grows, and any site selected must allow for expansion and be associated with an existing or future dynamic area of the County. However, the high cost of capital makes this an expensive option in the long run. Furthermore, the facility should not open with less than 30,000 square feet of contiguous space, as this would prevent it from accessing much of the market.
- The results of the ongoing sports complex study should be monitored carefully as a new indoor sports complex could significantly cut into the market for a new convention center, while combining the two facilities would present some intriguing synergies.
- The new facility should clearly communicate Lake County's brand as a business-friendly hub of commerce, innovation, and entertainment within the broader Chicago region, and support the County and State's economic development goals. These ends can be achieved via the facility's demand strategy, physical orientation, and location, among other factors.

Proposed Lake County Convention Center Facility Program

	SF
Exhibit Hall	40,000
Ballroom	18,000
Meeting Rooms	15,000
Total Function Space	73,000
Total Gross Area	145,000

*Source: Northwest Indiana Regional Development Authority,
Johnson Consulting*

An aerial photograph of a suburban neighborhood, featuring a large, irregularly shaped pond in the center. The houses are densely packed, with many having swimming pools. The sky is overcast with scattered clouds. The entire image is overlaid with a semi-transparent blue filter. A white vertical line is positioned to the left of the text.

9. Operating Projections and Impacts

Introduction

Convention center operations are approached differently in different markets. One model is a community and municipal approach, where community use is prioritized and booking policies and pricing favor local use. Another is to approach the market aggressively and optimize revenue. Some venues have dedicated revenue streams that allow for flexibility in operations and cash flow management. The principles reflected in this analysis assume:

- A thoughtful stewardship structure that aligns mission, economics, and thoughtful hospitality and real estate development awareness.
- Sufficient dedicated funds to deliver and sustain a high-quality facility.
- A professional management team, charged with an aggressive, revenue-maximizing approach to the market and aligned with the mission set forth by stewardship.
- Presence in a location that has the capacity to evolve into an attractive setting with multiple hotels, retail and cultural and interesting attributes. This venue alone will not create these amenities automatically, but rather they will be a result of intentional and consistent community leadership over the long term. It may take years for this evolution to transpire. As such, a steady and consistent hand must be on the tiller to arrive at long-term success.

As one compares the revenue and expenses to prior studies, this analysis benefits from discussions with the Radisson Star Plaza conference center's management team. Before the venue closed, it was achieving \$6 million in gross volume. This analysis reflects that perspective as well as that of the CSL Report. Most important is focus on the NOI line. Both approaches arrive at similar operating results. In our opinion, a more aggressive operating approach creates more economic volume within the community.

Lastly, there is strong market potential, which was proved by the Radisson Star Plaza building. That market proof does not exist in most situations. This venue will serve the entire southern tier of Chicagoland, where there is virtually no larger scale public assembly facility in the market.

Event Demand Projections – Lake County convention center

The operating projections for the proposed new Lake County convention center are based on the recommended program that includes a 40,000 square foot exhibit hall, an 18,000 square foot ballroom, and 15,000 square feet of meeting rooms, as described previously in Section 8 of this report.

The table below summarizes the projected event schedule, by event type, at the new Lake County convention center over a 10-year period. The projections expand upon the projections in the CSL Report, adjusted to reflect current potential market demand. As shown, in Year 1, the proposed new facility is projected to accommodate a total of 164 events of various types, combined. In Year 5 through Year 10, the proposed new facility is projected to accommodate a total of 265 events, combined, annually.

Proposed Lake County Convention Center Event Demand Projections

	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036	10-Year Total	20-Year Total
Conventions/ Trade Shows (w/ exhibits)	4	6	8	10	12	12	12	12	12	12	100	220
Conferences	10	12	14	16	18	18	18	18	18	18	160	340
Amateur Sports/ Recreation	0	2	4	6	8	8	8	8	8	8	60	140
Public/ Consumer Shows	2	4	6	8	10	10	10	10	10	10	80	180
Meetings	100	125	150	150	150	150	150	150	150	150	1,425	2,925
Banquets/ Receptions	40	45	55	55	55	55	55	55	55	55	525	1,075
Miscellaneous/ Other	8	9	10	12	12	12	12	12	12	12	111	231
Total	164	203	247	257	265	265	265	265	265	265	2,461	5,111

Source: Johnson Consulting

Projected Event-Days and Utilization Days – Lake County convention center

The table below shows the projected event days and utilization days at the proposed new Convention Center. As shown, in Year 5, events at the facility are projected to generate 343 event days and 449 utilization days. (Utilization days are event days and move in/out days, combined. Some events may occur simultaneously; therefore, the event days and utilization days can be over 365.)

Proposed Lake County Convention Center Event Days Projections												
	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036	10-Year Total	20-Year Total
Conventions/ Trade Shows (w/ exhibits)	12	18	24	30	36	36	36	36	36	36	300	660
Conferences	25	30	35	40	45	45	45	45	45	45	400	850
Amateur Sports/ Recreation	0	4	8	12	16	16	16	16	16	16	120	280
Public/ Consumer Shows	5	10	15	20	25	25	25	25	25	25	200	450
Meetings	100	125	150	150	150	150	150	150	150	150	1,425	2,925
Banquets/ Receptions	40	45	55	55	55	55	55	55	55	55	525	1,075
Miscellaneous/ Other	10	12	13	16	16	16	16	16	16	16	147	307
Total	192	244	300	323	343	343	343	343	343	343	3,117	6,547

Source: Johnson Consulting

Proposed Lake County Convention Center Utilization Days Projections												
	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036	10-Year Total	20-Year Total
Conventions/ Trade Shows (w/ exhibits)	22	33	44	55	66	66	66	66	66	66	550	1,210
Conferences	42	50	59	67	76	76	76	76	76	76	672	1,428
Amateur Sports/ Recreation	0	7	14	21	28	28	28	28	28	28	210	490
Public/ Consumer Shows	10	20	30	40	50	50	50	50	50	50	400	900
Meetings	100	125	150	150	150	150	150	150	150	150	1,425	2,925
Banquets/ Receptions	40	45	55	55	55	55	55	55	55	55	525	1,075
Miscellaneous/ Other	16	18	20	24	24	24	24	24	24	24	222	462
Total	230	298	372	412	449	449	449	449	449	449	4,004	8,490

Source: Johnson Consulting

Attendance Projections – Lake County convention center

The table below summarizes the attendance projections, by event type, at the proposed new Lake County convention center over a 10-year period. As shown, in Year 1, event activities at the proposed facility is projected to generate a total of approximately 53,850 attendees in all events, combined. In future years, attendance is projected to grow to approximately 115,775 in Year 5 through Year 10.

Proposed Lake County Convention Center Attendance Projections												
	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036	10-Year Total	20-Year Total
Conventions/ Trade Shows (w/ exhibits)	4,000	6,000	8,000	10,000	12,000	12,000	12,000	12,000	12,000	12,000	100,000	220,000
Conferences	5,000	6,000	7,000	8,000	9,000	9,000	9,000	9,000	9,000	9,000	80,000	170,000
Amateur Sports/ Recreation	0	4,000	8,000	12,000	16,000	16,000	16,000	16,000	16,000	16,000	120,000	280,000
Public/ Consumer Shows	4,000	8,000	12,000	16,000	20,000	20,000	20,000	20,000	20,000	20,000	160,000	360,000
Meetings	15,000	18,750	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	213,750	438,750
Banquets/ Receptions	20,000	22,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	262,500	537,500
Miscellaneous/ Other	5,850	6,581	7,313	8,775	8,775	8,775	8,775	8,775	8,775	8,775	81,169	168,919
Total	53,850	71,831	92,313	104,775	115,775	115,775	115,775	115,775	115,775	115,775	1,017,419	2,175,169

Source: Johnson Consulting

Attendee-Days Projections – Lake County convention center

The table below summarizes the attendee-days projections, by event type, at the proposed new Lake County convention center over a 10-year period. As shown, in Year 1, event activities at the proposed facility is projected to generate a total of approximately 77,300 attendee-days in all events, combined. In future years, attendance is projected to grow to approximately 202,200 in Year 5 through Year 10.

Proposed Lake County Convention Center Attendee-Days Projections												
	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036	10-Year Total	20-Year Total
Conventions/ Trade Shows (w/ exhibits)	12,000	18,000	24,000	30,000	36,000	36,000	36,000	36,000	36,000	36,000	300,000	660,000
Conferences	12,500	15,000	17,500	20,000	22,500	22,500	22,500	22,500	22,500	22,500	200,000	425,000
Amateur Sports/ Recreation	0	8,000	16,000	24,000	32,000	32,000	32,000	32,000	32,000	32,000	240,000	560,000
Public/ Consumer Shows	10,000	20,000	30,000	40,000	50,000	50,000	50,000	50,000	50,000	50,000	400,000	900,000
Meetings	15,000	18,750	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	213,750	438,750
Banquets/ Receptions	20,000	22,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	262,500	537,500
Miscellaneous/ Other	7,800	8,775	9,750	11,700	11,700	11,700	11,700	11,700	11,700	11,700	108,225	225,225
Total	77,300	111,025	147,250	175,700	202,200	202,200	202,200	202,200	202,200	202,200	1,724,475	3,746,475

Source: Johnson Consulting

Room Night Projections – Lake County convention center

The table below summarizes the room night projections, by event type, at the proposed new Lake County convention center over a 10-year period. As shown, in Year 1, event activities at the proposed facility are projected to generate approximately 22,700 room nights. In future years, they are projected to grow to approximately 55,400 room nights in Year 5 through Year 10. This would be the equivalent of a 217 room hotel operating at 70 percent occupancy, though in reality the room nights would be distributed to hotels through Lake County.

Proposed Lake County Convention Center Room Nights Projections												
	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036	10-Year Total	20-Year Total
Conventions/ Trade Shows (w/ exhibits)	9,327	13,991	18,655	23,319	27,982	27,982	27,982	27,982	27,982	27,982	233,187	513,011
Conferences	9,204	11,045	12,886	14,727	16,568	16,568	16,568	16,568	16,568	16,568	147,270	312,949
Amateur Sports/ Recreation	0	1,040	2,080	3,120	4,160	4,160	4,160	4,160	4,160	4,160	31,200	72,800
Public/ Consumer Shows	150	300	450	600	750	750	750	750	750	750	6,000	13,500
Meetings	1,705	2,131	2,557	2,557	2,557	2,557	2,557	2,557	2,557	2,557	24,292	49,862
Banquets/ Receptions	1,077	1,212	1,481	1,481	1,481	1,481	1,481	1,481	1,481	1,481	14,137	28,947
Miscellaneous/ Other	1,300	1,463	1,625	1,950	1,950	1,950	1,950	1,950	1,950	1,950	18,038	37,538
Total	22,764	31,182	39,734	47,754	55,448	55,448	55,448	55,448	55,448	55,448	474,123	1,028,606

Source: Johnson Consulting

Financial Projections – Lake County convention center

The table on the following slide summarizes the projected operating statement for the first 10 full years of operation of the proposed new Lake County convention center. Revenues include all revenues that can be used for operations. All revenues and expenses are inflated at an annual rate of 3 percent.

Our projections reflect adjustments to the original projections in the CSL Report. The adjustments were driven by conversations with the sales director at the former Radisson Star Plaza conference center. These conversations indicated that the numbers in the CSL Report, both on the revenue and expense side, were too low and not reflective of the state of the market. For example, the Radisson Conference Center generated around \$6 million annually between room rental and F&B, and that was in 2016 and a with much smaller building. We believe the figures in our projections are still conservative and speak to the lack of competition in the Northwest Indiana market.

As shown, in Year 1, proposed facility is expected to generate approximately \$3 million of operating revenues and incur approximately \$4.3 million in operating expenses, resulting in a net operating deficit of \$1.3 million. In Year 5, operating revenues and expenses are projected to amount to \$7.9 million and \$7.85 million, respectively, with the facility posting a slight NOI of \$52,000. Though it is uncommon for publicly owned convention centers to profit, the fact that the Radisson Star Plaza was able to achieve profit from its event space, in tandem with the lack of competition in the market, indicates that, with a revenue-driven operations strategy, these projections are achievable.

Note also that we have included a line item for capital reserves, set at 3 percent of total annual revenues. It is crucial for facilities such as this to have dedicated capital funds to perform ongoing projects and keep things up to date. If these capital funds need to be requested as part of an annual budget process, there is significant risk of the facility falling behind on maintenance and losing its competitive edge in a market which prizes quality.

Financial Projections – Lake County convention center

Proposed Lake County Convention Center Financial Projections (\$000, <u>Inflated</u>)												
	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036	10-Year Total	20-Year Total
Operating Revenues												
Space Rental	\$1,231	\$1,738	\$2,290	\$2,822	\$3,354	\$3,455	\$3,558	\$3,665	\$3,775	\$3,888	\$29,778	\$75,692
Food Service (Gross)	1,420	1,943	2,543	3,045	3,550	3,657	3,766	3,879	3,996	4,116	31,915	80,512
Reimbursable Expenses and Other	369	521	687	847	1,006	1,036	1,068	1,100	1,133	1,167	8,933	22,707
Parking	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$3,021	\$4,202	\$5,520	\$6,713	\$7,911	\$8,148	\$8,392	\$8,644	\$8,904	\$9,171	\$38,711	\$98,399
<i>Occupancy</i>	28%	39%	49%	59%	68%	68%	68%	68%	68%	68%		
Operating Expenses												
Salaries and Benefits	\$1,879	\$2,057	\$2,243	\$2,439	\$2,644	\$2,724	\$2,805	\$2,889	\$2,976	\$3,065	\$25,722	\$61,918
F&B Cost of Goods Sold	994	1,360	1,780	2,131	2,485	2,560	2,637	2,716	2,797	2,881	22,341	56,359
Contract Labor	251	336	431	492	552	568	585	603	621	640	5,079	12,631
Utilities	246	348	458	564	671	691	712	733	755	778	5,956	15,138
Repair and Maintenance	57	81	107	132	157	161	166	171	176	181	1,390	3,532
General and Administrative	231	302	383	424	464	478	492	507	522	538	4,342	10,694
Supplies	63	82	104	116	127	130	134	138	142	147	1,184	2,916
Insurance	98	101	104	107	111	114	117	121	125	128	1,127	2,643
Marketing	164	169	174	179	184	190	196	202	208	214	1,879	4,404
Management Fee	219	239	261	284	307	317	326	336	346	356	2,991	7,200
Other	86	104	123	140	157	162	167	172	177	182	1,470	3,621
Total	\$4,289	\$5,179	\$6,169	\$7,009	\$7,859	\$8,095	\$8,337	\$8,588	\$8,845	\$9,111	\$73,480	\$181,056
Net Operating Income (Deficit)	(\$1,268)	(\$976)	(\$649)	(\$295)	\$52	\$53	\$55	\$57	\$58	\$60	(\$34,769)	(\$82,657)
Capital Reserves	\$91	\$126	\$166	\$201	\$237	\$244	\$252	\$259	\$267	\$275	\$2,119	\$5,367
NOI(D) after Reserve for Replacement	(\$1,359)	(\$1,102)	(\$815)	(\$497)	(\$186)	(\$191)	(\$197)	(\$203)	(\$209)	(\$215)	(\$36,888)	(\$88,024)

Source: Johnson Consulting

Assumptions in Revenue and Expense Projections – Lake County convention center

The table on the right summarizes the assumptions utilized in the revenue and expense projections. Key revenue items are described below.

- **Space Rental** – is the fees charged for the rental of meeting space and other facilities utilized for events. Rent will always be a part of the negotiation with the client. This will be a net number.
- **Food and Beverage Sales** – consist of the sale of various food and beverage items at the facility. Gross revenue assumptions are based on estimated event and attendance levels and estimated per capita spending for various event types. Gross revenue for food and beverage sales are assumed for events within the proposed facility at per attendee rate shown in the top right table. Food and beverage expenses are estimated at 70% of gross food and beverage revenue. The resulting net-to-gross ratio (30%) is the amount of revenue that is netted after factoring in the cost of goods, as well as the cost of obtaining a liquor license for the venue.
- **Reimbursable Expenses and Other** – consist of charges to event/ show management for event production-related services, such as providing electrical hook-ups and other utilities, leasing of equipment, providing security and cleaning services, advertising and similar others. Estimated Reimbursable Expenses and Other revenue is based on comparable facility financial operations. This revenue line item represents event service charges that is charged to customers and assumed to comparable to the rental revenue.

Proposed Lake County Convention Center Revenue Assumptions

	Assumptions
Space Rental	
Exhibit Hall (40,000 SF)	\$6,000 per day
Ballroom (18,000 SF)	\$2,700 per day
Meeting Rooms (e.g., 1,500 SF)	\$230 per day
Food Service (Gross)	
Conventions/ Trade Shows (w/ exhibits)	\$25.00 per cap
Conferences	\$30.00 per cap
Amateur Sports/ Recreation	\$6.20 per cap
Public/ Consumer Shows	\$6.20 per cap
Meetings	\$10.30 per cap
Banquets/ Receptions	\$16.40 per cap
Miscellaneous/ Other	\$10.30 per cap
F&B Cost of Goods Sold	70%
Reimbursable Expenses and Other	30% compared to space rental
Parking	TBD

Source: Johnson Consulting

Proposed Lake County Convention Center Expense Assumptions

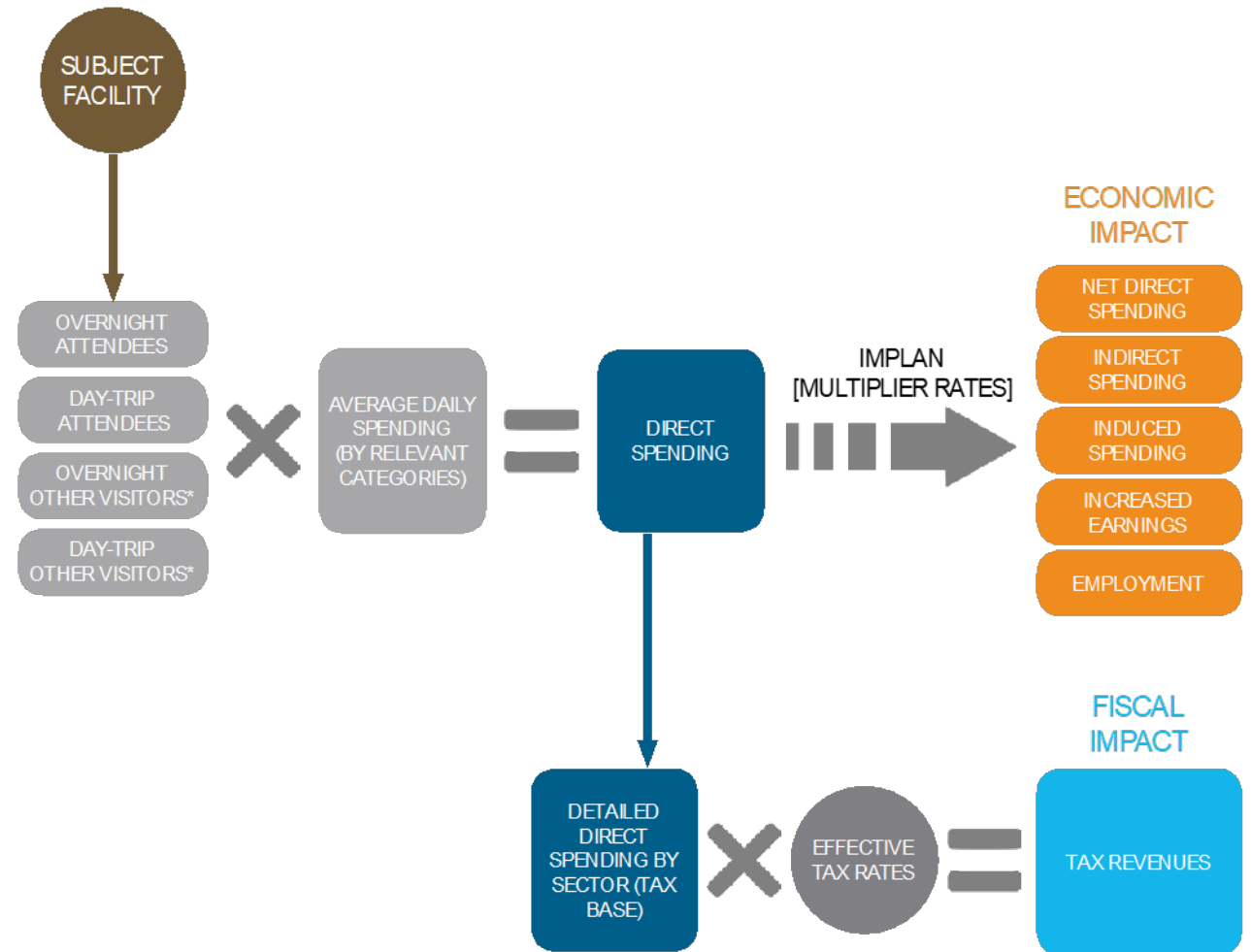
	Assumptions
Salaries and Benefits	\$2,150,000 annually, ramped up in early years
Contract Labor	\$1,000 per use-day
Utilities	\$30.00 per 1,000 SF per day
Repair and Maintenance	\$7.00 per 1,000 SF per day
General and Administrative	\$1,100 per event-day
Supplies	\$300.00 per event-day
Insurance	\$90,000 annually, constant
Marketing	\$150,000 annually, constant
Management Fee	\$250,000 annually, ramped up in early years
Other	2.0% of total expenses
Capital Reserves	3.0% of total revenues

Source: Johnson Consulting

Economic and Fiscal Impact Analysis – Definitions

Economic Impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. For the purpose of this analysis, impact totals are discussed in terms of the Knoxville economy. The levels of impacts are described as follows:

- **Direct Spend** – spending that occurs as a direct result of the facility’s operation (example: attendee purchases meal at restaurant nearby).
- **Indirect Spend** – re-spending of the initial direct expenditures on goods and services (example: restaurant purchases more food from supplier).
- **Induced Spend** – changes in local consumption due to the personal spending by employees whose incomes are supported by direct and indirect spending (example: waiter at the restaurant has more personal income to spend).
- **Increased Earnings** – measures increased employee and worker compensation related to the facility’s operation.
- **Employment** – measures the number of full-time equivalent (FTE) jobs supported in the local economy as a result of the facility’s operation.



- **Fiscal Impact** – reflects tax revenues to local and state governments that result from the facility’s operation.

Economic and Fiscal Impact Analysis – Multiplier Rates

The table on the bottom left summarizes the multiplier rates utilized in the economic impact estimates to calculate indirect spending, induced spending, increased earnings, and employment. These multiplier rates are derived from an IMPLAN input-output model, which is a nationally recognized analytical tool commonly used to estimate economic impacts. An input-output model analyzes the commodities and income that normally flow through various sectors of the economy.

Tax Rates

The table on the bottom right summarizes the applicable tax rates utilized in the fiscal impact estimates. They focus on the taxes directly affected by visitors' spending activities:

- **State Sales Tax** – is 7.0 percent in Indiana.
- **County Innkeeper's Tax (CIT)** – is applied to hotel room sales, in addition to Sales and Use Tax. In Lake County, the current CIT is 5 percent, though State legislation passed in 2023 allows for an additional 5 percentage point increase of the CIT.
- **County Local Income Tax (LIT)** – is applied to wages and earnings. In Lake County, LIT is 1.5 percent.

Proposed Lake County Convention Center Impact Multipliers

	Rate	Base
Indirect and Induced Spending	0.656	per \$1 of direct spending
Increased Earnings	0.564	per \$1 of direct spending
Increased Employment (# of jobs)	23.03	per \$1 million of direct spending

Source: CSL

Proposed Lake County Convention Center Applicable Taxes

State Sales Tax	7.0%
County Innkeeper's Tax (CIT)	5.0%
Local Income Tax (LIT) (County)	1.5%

Source: Relevant jurisdictions

Economic and Fiscal Impact – Lake County convention center

The table summarizes the estimated activity and spending volume at the proposed Lake County convention center and the resulting economic and fiscal impact. As shown, in its opening year, the proposed facility is estimated to generate approximately \$25.3 million in total economic impact, \$8.6 million in increased earnings, 322 jobs, and \$1.4 million in tax revenues from sales tax, CIT, and LIT. In Year 10, it is estimated to generate approximately \$74 million in total economic impact, \$25.2 million in increased earnings, 722 jobs, and \$4.1 million in tax revenues from sales tax, CIT, and LIT.

Proposed Lake County Convention Center Estimated Annual Economic and Fiscal Impact from Facility On-Going Operations											
	Rate/ Assumption	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036
Spending Activities											
1	Visitor-Days	77,300	111,025	147,250	175,700	202,200	202,200	202,200	202,200	202,200	202,200
2	Room Nights	22,764	31,182	39,734	47,754	55,448	55,448	55,448	55,448	55,448	55,448
On Site Spending (\$000)											
3	Visitor Spending	\$3,021	\$4,202	\$5,520	\$6,713	\$7,911	\$8,148	\$8,392	\$8,644	\$8,904	\$9,171
4	Operational Spending	4,289	5,179	6,169	7,009	7,859	8,095	8,337	8,588	8,845	9,111
5	Subtotal	\$7,310	\$9,381	\$11,689	\$13,722	\$15,770	\$16,243	\$16,730	\$17,232	\$17,749	\$18,281
Off Site Spending (\$000)											
	<i>Average</i>										
6	On Hotel	\$134.30	\$3,341	\$4,713	\$6,186	\$7,658	\$9,159	\$9,433	\$9,716	\$10,008	\$10,308
7	On Restaurant	\$33.70	2,847	4,211	5,753	7,070	8,381	8,632	8,891	9,158	9,432
8	On Entertainment	\$4.00	338	500	683	839	995	1,025	1,055	1,087	1,120
9	On Retail	\$12.80	1,081	1,599	2,185	2,685	3,183	3,279	3,377	3,478	3,583
10	On Other Local Transit	\$0.80	68	100	137	168	199	205	211	217	224
11	On Other Industries	\$3.50	296	437	597	734	870	896	923	951	980
12	Subtotal	\$7,969	\$11,561	\$15,541	\$19,155	\$22,786	\$23,470	\$24,174	\$24,899	\$25,646	\$26,415
13	Total Direct Spending (\$000)	\$15,280	\$20,942	\$27,229	\$32,877	\$38,556	\$39,712	\$40,904	\$42,131	\$43,395	\$44,697
Economic Impact											
	<i>Multiplier Rates</i>										
14	Direct Spending (\$000)		\$15,280	\$20,942	\$27,229	\$32,877	\$38,556	\$39,712	\$40,904	\$42,131	\$43,395
15	Indirect and Induced Spending (\$000)	0.656	10,022	13,736	17,860	21,564	25,289	26,047	26,829	27,633	28,462
16	Total Spending (\$000)		\$25,301	\$34,678	\$45,089	\$54,441	\$63,844	\$65,760	\$67,732	\$69,764	\$71,857
17	Increased Earnings (\$000)	0.564	\$8,621	\$11,815	\$15,363	\$18,549	\$21,753	\$22,405	\$23,078	\$23,770	\$24,483
18	Increased Employment (# of jobs)	23.026	322	428	541	634	722	722	722	722	722
Fiscal Impact											
	<i>Effective Rates</i>										
19	State Sales Tax	7.00%	\$1,070	\$1,466	\$1,906	\$2,301	\$2,699	\$2,780	\$2,863	\$2,949	\$3,038
20	County Innkeeper's Tax (CIT)	5.00%	167	236	309	383	458	472	486	500	515
21	Local Income Tax (LIT) (County)	1.50%	158	208	264	315	366	377	388	400	412
22	Total Tax Revenues		\$1,394	\$1,910	\$2,479	\$2,999	\$3,523	\$3,628	\$3,737	\$3,849	\$4,084

Source: IMPLAN, Johnson Consulting

One-Time Economic and Fiscal Impact from Construction – Lake County convention center

The table summarizes the estimated one-time economic and fiscal impact from the construction of the proposed new Lake County convention center, based on the cost assumptions developed in the CSL Report. As shown, the construction of the proposed facility is estimated to generate approximately 911 construction jobs, \$43.2 million in total economic impact, \$14.7 million in increased earnings, 601 additional jobs in the economy, and \$3.7 million in tax revenues from sales tax, CIT, and LIT.

Proposed Lake County Convention Center Estimated One-Time Impact from Facility Construction		
	Multiplier or Tax Rate	Amount
1 Convention Center Development Costs		\$57,965,000
Economic Impact		
2 % Spent on Labor		55.0%
3 Amount Spent on Labor		\$31,880,750
4 Average Construction Wages		\$35,000
5 # of Construction Jobs		911
6 % Spent on Materials		45.0%
7 % Spent Locally		75.0%
8 Direct Construction Spending		\$26,084,250
9 Indirect & Induced Spending	0.656 per \$1 of Line 8	\$17,108,543
10 Total Spending		\$43,192,793
11 Increased Earnings	0.564 per \$1 of Line 8	\$14,716,528
12 Employment (in FTE Jobs)	23.026 per \$1 million of Line 8	601
Fiscal Impact		
13 State Sales Tax	7.00% of Line 10	\$3,023,000
14 County Innkeeper's Tax (CIT)	5.00%	na
15 Local Income Tax (LIT) (County)	1.50% of Line 3 and 11	698,959
16 Total Sales Tax		\$3,721,959

Source: IMPLAN, Johnson Consulting

An aerial photograph of a suburban neighborhood, featuring numerous houses, streets, and a large pond. The image is overlaid with a semi-transparent blue filter. The text '10. Lake County, IN Funding Strategies' is prominently displayed in white, bold font across the middle of the image.

10. Lake County, IN Funding Strategies

Overview

In North America, convention and conference center construction, improvement and expansion are typically financed with public debt, which is repaid over a 20- to 30-year period. Grants and benefactor support are also sourced. For example, FEMA invests in spaces in several fairgrounds and other event venues nationally, as they have become important regional safety headquarters.

Sources of funds used to repay the debt are usually tax revenues and are often those generated from activities or businesses that are most likely to use, or otherwise benefit from, the facility. Hotel room occupancy taxes, special taxes on restaurants, sales taxes, car rental fees, parking taxes, airport access fees, and adjacent real estate taxes and profits are most often the revenue sources used to repay debt service. In addition, these tax sources are frequently used to finance the ongoing operating, capital improvements and marketing needs of the facility.

One other funding possibility is a public-private partnership, or PPP. As explored later on in this section, PPPs can take many forms, but generally involve a private entity and a public entity contributing funding to a project in exchange for some form of equity, thereby sharing the risks as well as the potential rewards. These types of agreements have become very popular in recent years.

The mix of revenue sources selected in any given case depends upon the comparative level of existing taxes or fees, as well as what is considered to be both fair and feasible under the unique political and economic circumstances relating to each development. In most communities, a high level of commitment and coordinated community-wide effort, including both state and local governments, is necessary to successfully fund a project.

In the case of a Lake County convention center, it should be noted again that the State of Indiana is offering the county up to \$5 million annually in matching funds for construction of a convention center, a commitment potentially worth \$100 million. As such, the funding strategies on the following pages are local mechanisms and tax sources that will be used to match or supplement State dollars.

Financing Mechanisms

Pay-As-You-Go Financing: Projects that are relatively small or that are financed in municipalities with rapidly growing tax bases are sometimes paid for directly out of appropriated funds each year. However, the majority of facilities are financed with long-term debt so that payment of capital costs corresponds to the period over which the facility is used and its economic benefits are realized. This financing mechanism will be impacted by the legislation enacted by the Indiana General Assembly that puts the onus on local officials to move ahead with financing or risk losing State support directed by gaming proceeds. Having a private sector partner could reduce the amount needed to be generated by taxpayers.

General Obligation Bond Financing: Long-term bonding using the general obligation of the City, County and/ or State, Port Authorities, and College institutions, etc. either directly as part of a capital outlay program or as guaranteed debt of an authority that would provide strong credit and relatively low borrowing costs for the project. General obligation bonding is typically reserved for projects perceived to benefit the population as a whole, such as educational, environmental, economic development, transportation, or correctional facilities. Though the proposed convention center would have some benefit to the entirety of Lake County, as well as to the Northwest Indiana region as a whole, the benefits, particularly from a fiscal impact perspective, would be concentrated in the municipality in which the convention center is located. As such, it may be challenging to secure county-wide support for this financing mechanism.

Revenue Bond Financing: Revenue bonds are another source of finance that can be used to build, own, and operate utilities, airports, transportation systems, and public purpose facilities that have no power to tax. They derive their revenues from user fees and other sources, and must finance general and capital expenditures out of these receipts and whatever amount they are permitted to borrow, which can be tailored to fit the specific requirements of the involved local and state governments. Though this mechanism would reduce the financial burden carried by Lake County taxpayers, the proposed convention center is unlikely to generate enough income for revenue bond financing to be a significant part of the project's funding strategy.

Capital Development Funds: Certain public or non-profit organizations have funds devoted specifically to capital development projects. Often these funds are used for smaller, pay-as-you-go type projects, but they can also make up part of the capital stack on a larger such project. The feasibility of this mechanism would depend significantly on the ultimate location of the proposed convention center, as these funds may be available in some communities but not necessarily in others.

Financing Mechanisms

FEMA Funds: The Federal Emergency Management Authority, or FEMA, will often contribute funds to facilities which it can use in its response to national disasters. Though Lake County is not at a particularly high risk of natural disasters, this financing mechanism is worth exploring, even as a relatively small component of the overall capital stack.

ARPA Funds: The American Rescue Plan Act of 2021, or ARPA, is a \$1.9 trillion economic stimulus package designed to help the U.S. recover from the COVID-19 pandemic. Part of that money can be used by states and counties to finance various initiatives, including capital projects such as the proposed conference center. However, ARPA funds must be committed by the end of 2024 and spent by the end of 2026. Most of the communities in Lake County have already allocated their ARPA funds, meaning that this is unlikely to be a significant source of funding from any one community. If an agreement could be built between communities that allocates a percentage of each community's remaining ARPA funds to the project, this might be a significant source of funding. However, the timeline for committing and spending these funds would make this challenging.

Land / Infrastructure Contribution: Land and infrastructure contributions can be a creative method of financing public assembly facilities. If a government body – such as a state, county, or municipality – owns a piece of land, it can choose to donate it to the body building the public assembly facility, defraying the facility's capital cost without having to commit dollars directly. Similarly, a government body can contribute infrastructure – such as roads, sewers, electricity, etc. – to a project, allowing it to use its public works budget rather than another component of its budget. This is a strong possibility for any site which is wholly or partially publicly owned, including sites I (Patriot Park), N (Hard Rock Casino), and B (Kennedy Avenue & I-94) from the list of top-scoring sites.

Taxing Mechanisms

Hotel Occupancy Tax: Hotel taxes have the major advantage of primarily taxing out-of-town visitors, rather than local residents. A number of facilities throughout the U.S. have had their debt service paid fully, or in part, by dedicated hotel tax revenues. This mechanism is very viable and would be appropriate for financing a convention center as it passes on cost to the convention center's users, as well as other visitors to Lake County. If this mechanism is pursued, it will be important to build relationships with hospitality industry partners in order to communicate the project's benefits.

Taxing Mechanisms

Tax Increment Financing (TIF): TIFs are based on the incremental tax value of ancillary economic development projects that are triggered by a major new facility. The tax base of a defined TIF district is frozen and any increases in the future tax base are used to repay TIF bonds. This is a strong possibility for any site which is wholly or partially within a TIF district, including sites I (Patriot Park), N (Hard Rock Casino), E (Century Mall), and F (Radisson Star Plaza) from the list of top-scoring sites. Note that the financing capacity of the TIF district which covers site N might be an issue.

Tourism Development Zone (TDZ): Tourism development zones function very similarly to TIF districts but, rather than collecting incremental property taxes, they collect incremental sales taxes. Essentially, the sales taxes collected within the defined zone are frozen at a baseline level and all taxes collected above that level are dedicated towards improving the zone via capital investments, incentives for various private entities, and other initiatives. Projected sales tax increases can also be bonded against. This could be a viable taxing mechanism for funding this project, though it would be more viable if it didn't involve raising sales taxes due to aforementioned resident concerns about tax burden.

Tourism Improvement District (TID): Similar to a traditional Business Improvement District (BID), a TID is a district in which a special assessment is levied on hotel room sales (and sometimes other sales such as tickets, retail, or meals). The money collected is managed by a dedicated non-profit or advisory board, often made up of local tourism industry stakeholders such as hoteliers and restaurateurs, and used to fund destination marketing and development initiatives. This could be viable for this project, especially if the proposed convention center were to be located among a cluster of hotels.

Food & Beverage Taxes: Food & beverage taxes have been used throughout the U.S. to support the costs of developing, and renovating, public assembly facilities and to fund related infrastructure, such as parking decks. This is a natural extension of the concept of lodging taxes, as the second highest spend occurs on food service. Food & beverage taxes are directed towards beneficiaries of the project and to some extent, non-residents. Food & beverage taxes can also generate substantial revenue to support operations of a facility. The Town of Merrillville recently implemented a food & beverage tax to capitalize on the growth of hospitality industry facilities along and near US30, making it an option for sites which lie within that municipality. However, no other municipalities within Lake County, nor the County itself, currently levy a food & beverage tax, and implementing one may be different, both due to the aforementioned tax burden concerns as well as to concerns that the tax is regressive.

Taxing Mechanisms

Local Income Taxes: Personal income taxes imposed at a local level can be a significant source of credit, especially in a growing economy. However, like sales taxes, local income taxes are often difficult to implement as they directly tax residents. This is particularly acute in Lake County, which has a large population of former Illinois residents who moved to escape that state's tax burden. As such, it is likely not viable for this project.

Development Fees / Land Lease Income: Fees for the right to develop projects near a public assembly facility can assist in funding. These so-called linkage fees have been imposed in locations where land adjacent to a public assembly facility is at a premium, typically on hotels, parking decks, retail stores, and other uses that can benefit from their proximity to the facility. Though many of these uses may not be applicable to this project given the lack of sites within dense urban environments, a land-lease to an adjacent hotel could help provide the hotel rooms necessary to support the convention center while simultaneously creating a stream of revenue.

Other Sources: Other common sources of partial funding include general fund support, car rental taxes, taxi airport access fees, and parking taxes. In the case of Lake County specifically, the following strategies could be considered:

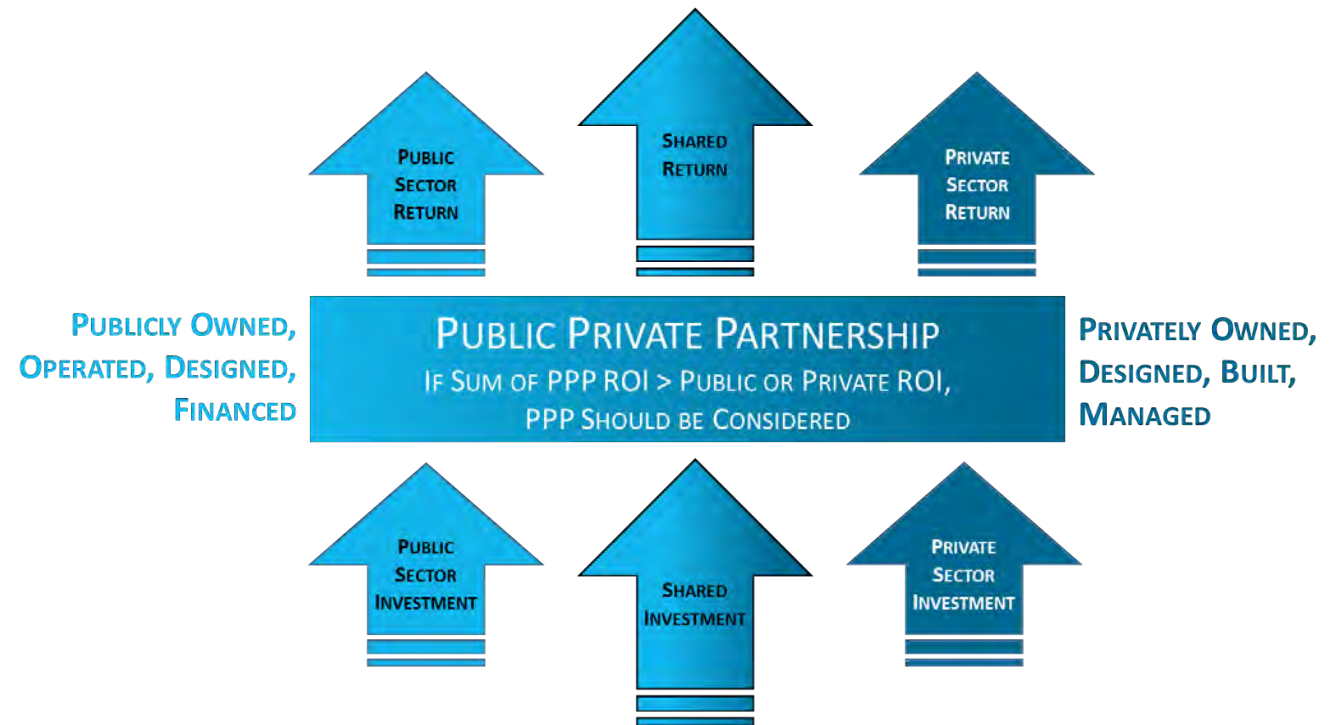
- Building a diverse group of civic and community leaders to raise a portion of the cost of the project from the private sector to reduce the burden on local governments for financing.
- Seeking financial support from labor union trust funds to be directed towards the project in exchange for Project Labor Agreements.
- Reestablishing a working relationship with the White Foundation and the Legacy Foundation, which could be specifically important for the viability of the Radisson Star Plaza site.

Public-Private Partnerships

Overview

The intent of this section is to provide a primer on Public Private Partnerships (PPP). While there is no commonly accepted definition of a PPP, put simply, a PPP is a cooperative agreement between a public or quasi-public agency and a private company. Intended to leverage the strengths, skills and assets of each party to deliver a service or facility to the general public, PPPs are structured so that the public and private sector participants share both the risks and the rewards of the project. The intent of a good PPP is to elicit the creativity, insights and experience of a private sector group to bring skills to a project that a public or quasi-public entity, such as a CVB or DMO, could not offer or create itself. The chart below provides a simplistic overview of the concept of PPPs.

There is no centralized governing body that oversees PPPs, although the National Council for PPPs (NCPMP), which is a non-profit, non-partisan, member-based organization, serves to “advocate and facilitate the formation of PPPs at the federal, state and local levels, where appropriate, and to raise awareness of governments and businesses of the means by which their cooperation can cost effectively provide the public with quality goods, services, and facilities.” The following definitions of PPPs are based upon information presented by the NCPMP, supplemented by additional primary and secondary sources.



Types of PPPs

PPPs are a type of delivery method for real estate projects. They are specifically enabled by laws regulating them in the majority of U.S. states, with significant variation in the scale and structure of every existing and proposed PPP project, including the relative level of involvement of both public and private sector partners. PPPs exist in some form in all states, but may be called an incentive-based project or follow some other nomenclature. The NCPPP identifies 18 different legal and financial structures based upon ownership, financing, design, build, operations and maintenance, which fall into 4 categories – 1). Operations and Maintenance; 2). Design-Build; 3). Build; and 4). Other Models. A common misperception is that PPPs involve privatizing public assets. To the contrary, and as highlighted by the types of PPPs summarized below, PPPs typically retain a high level of public control and oversight.

1. Operations and Maintenance: Under Operations and Maintenance (OM) models, a public partner contracts with a private partner to provide and maintain a specific asset or facility. In all circumstance, the public sector retains ownership of the asset or facility, and the private sector assumes responsibility for operations and maintenance. There are 2 possible scenarios related to management of the asset of the facility, as shown in the chart below.

While the public partner retains ownership of the asset or facility, the private partner may invest its own capital, the amount of which will be proportionate to the likely operational efficiencies and savings over the term of the contract. Generally, the longer the contract term, the greater the opportunity for private investment, but the less influence the owner has in controlling all outcomes.

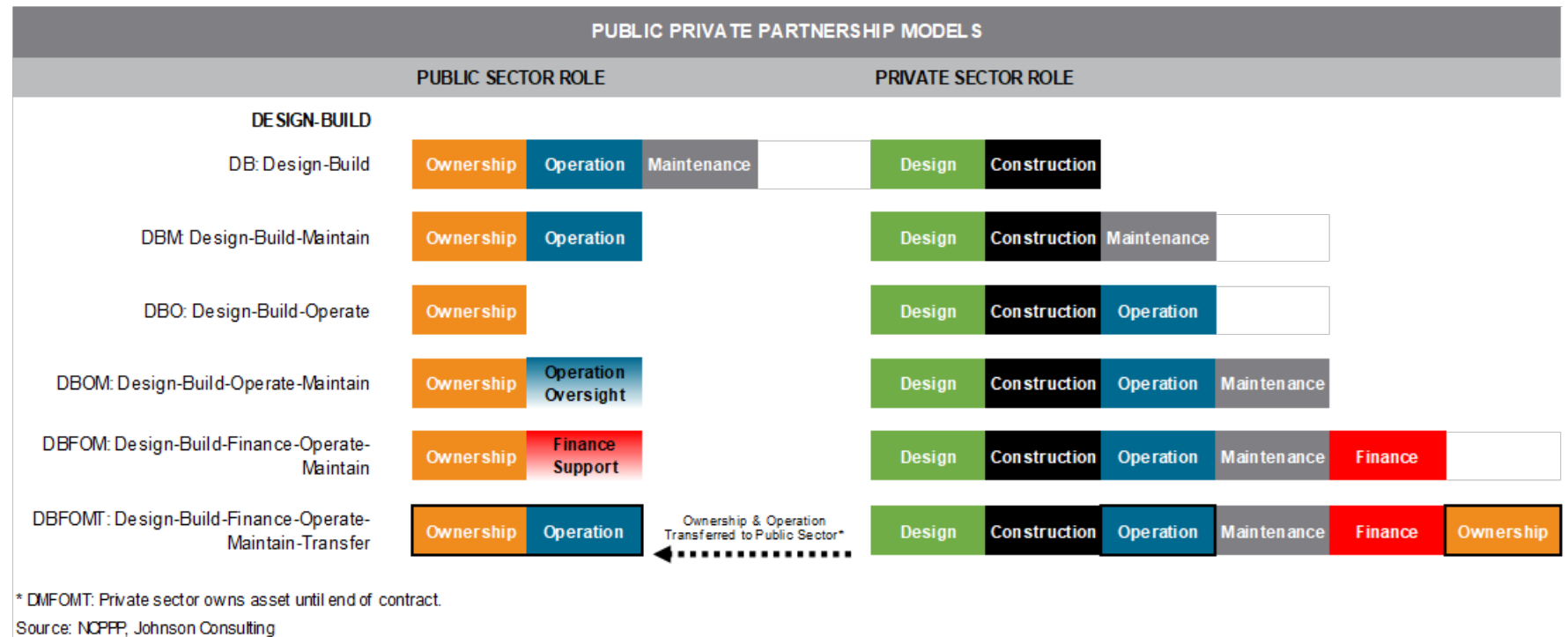
PUBLIC PRIVATE PARTNERSHIP MODELS		
	PUBLIC SECTOR ROLE	PRIVATE SECTOR ROLE
OPERATIONS & MAINTENANCE		
O&M: Operations & Maintenance	Ownership Management	Operation Maintenance
OMM: Operations, Maintenance & Management	Ownership	Operation Maintenance Management

Source: NCPPP, Johnson Consulting

Types of PPPs

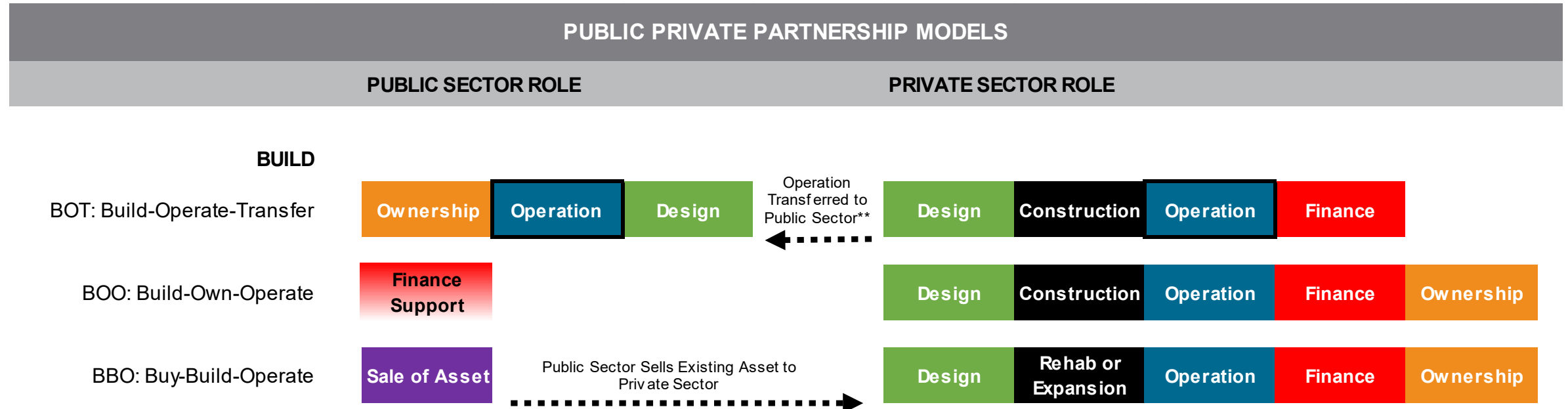
2. Design-Build: Design-Build (DB) models involve the private partner providing design and construction of an asset or facility to the public partner. When compared to public sector developments, this type of partnership can reduce time, increase savings, provide stronger guarantees and allocate additional schedule and cost overrun risk to the private sector. There are a number of variations of the DB model, all of which involve public sector ownership and private sector design and build, as summarized in the chart below.

In addition to design and construction risk, many DB models transfer the maintenance risk to the private sector. Where financial responsibilities are also transferred to the private sector (Design-Build-Finance-Operate-Maintain and/ or Transfer), there is significant variation in the degree to which those responsibilities and risks are transferred, however all are either partially or wholly financed by debt-leveraging revenue streams dedicated to the project. The most common revenue source is direct user fees and this is often supplemented by public “allocation payments” which are negotiated to make the economics work best for both parties.



Types of PPPs

3. Build: Build (B) models typically entail the private sector building a facility to the specifications agreed to by the public partner. There are 3 potential scenarios related to operations and ownership – A). Build-Operate-Transfer (BOT) in which the private partner operates the facility for a specified period under a contract or franchise agreement and then transfers the facility to the public partner, at which point the public partner can assume operating responsibility for the facility or contract it to another party; B). Built-Own-Operate (BOO) in which the private partner constructs and operates the facility without transferring ownership to the public partner; and C). Buy-Build-Operate (BBO) which is a form of asset sale that includes the rehabilitation or expansion of by the private sector. The chart below summarizes these models.

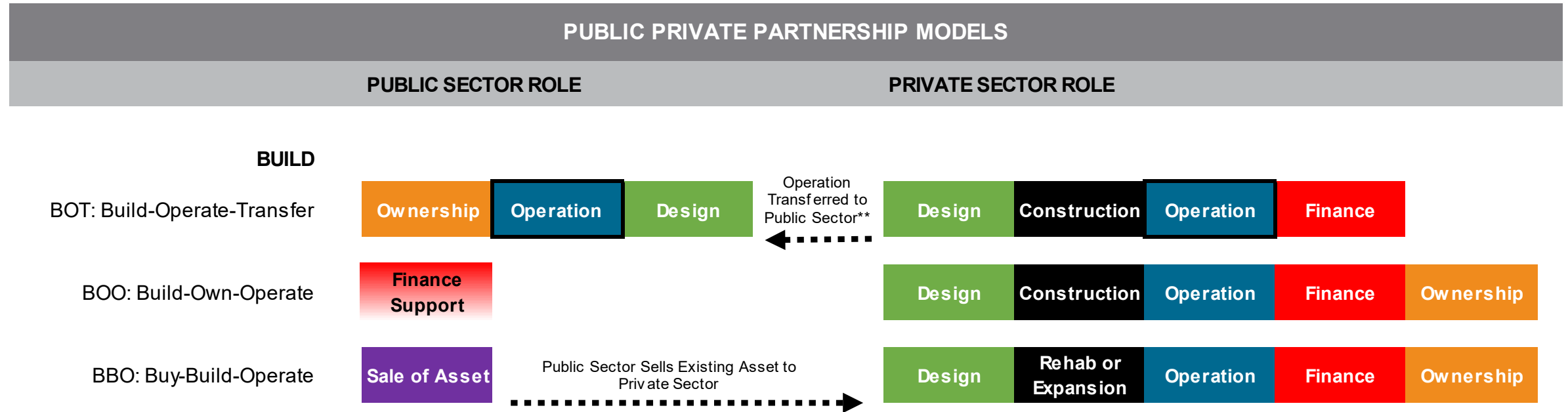


** BOT: Private sector operates facility under a contract or franchise agreement, at the end of which ownership and operation is transferred to public sector

Source: NCPPP, Johnson Consulting

Types of PPPs

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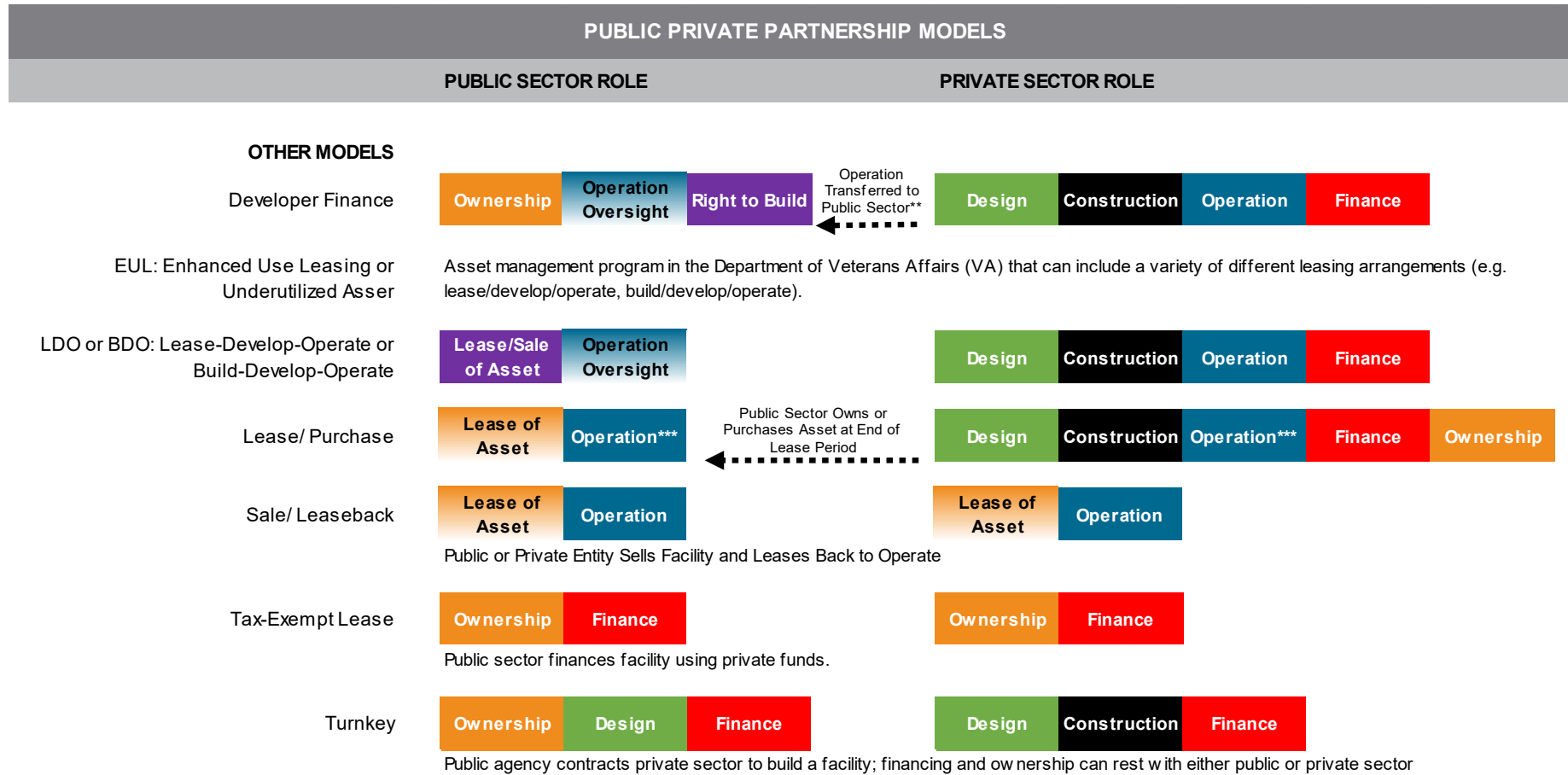


** BOT: Private sector operates facility under a contract or franchise agreement, at the end of which ownership and operation is transferred to public sector

Source: NCPPP, Johnson Consulting

Types of PPPs

4. **Other Models:** There are a number of other agreements that can be made between public and private sector entities, as summarized in the following chart.



*** Lease/ Purchase: Facility may be operated by either public or private sector during term of the lease

Source: NCPPP, Johnson Consulting

PPP Advantages and Disadvantages

There are a number of advantages and disadvantages to PPPs that have the potential to impact both public and private sector partners. Key elements of the perceived advantages and disadvantages of PPPs include:

Cost of Capital: Utilizing private sector skills and technology to deliver projects in a more efficient manner can result in lower costs and/ or the delivery of a better product for the same investment. Conversely, borrowing rates available to the private sector may be higher than those provided to the public sector. In addition, private partners will often require guarantees of income proportionate to the calculated risk burden.

Timing: Private sector capacity and flexibility can help to ensure the on schedule delivery of projects. Notwithstanding this, the complicated nature of multi-party, financially intricate, and long-term agreements between PPP partners can increase delays during the negotiation phases, as well as in the event that disputes arise.

Project Elements: A PPP leverages the private sector's creativity, focus on design, operation and maintenance, with the intention of improving efficiencies and minimizing costs. Motivated by the desire to preserve long-term value of assets and to minimize costs, whole of life cycle responsibilities encourage the private sector to choose the most appropriate technology for the long-term. This may be in contrast to decisions by some public sector entities guided by political terms and budget constraints. Notwithstanding this, it is necessary for both public and private sector partners to possess PPP-specific capacity for an agreement to be signed and administered successfully. An over-reliance on external consultants can also lead to an expertise flight, where any knowledge gathered through the process is not retained by either party.

Market: With private sector finance, the public sector is able to implement projects more frequently and on a larger scale. However, higher tender and transaction costs, along with complex and long-term contracts, can reduce the pool of private sector companies able to apply for certain projects. Entering into exclusivity agreements effectively creates monopoly markets, thereby reducing competitive pressures to reduce costs and enhance products or services.

PPP Advantages and Disadvantages

Risk: As noted in the introduction to this section, project risks are transferred to the party best able to manage or mitigate it. In a typical PPP, demand and revenue risks are shared between the public and private sector, operating and maintenance risks and finance risks fall to either party, design and construction risks are assumed by the private sector, and legal, political and environmental risks are assumed by the public sector. The table to the right shows the typical allocation of risks under a PPP.

PPPs provide the private sector with access to reduced risk, and secure long-term investment opportunities that are underwritten by government contracts. However, long-term contracts are often rigid and inflexible, making it difficult to adapt and change contractual responsibilities when faced with unforeseen events or circumstances.

Financial: Because a large proportion of funding is provided by private sector, the public sector is not responsible for raising funds or adjusting budgets for projects. This means that the public sector is able to implement projects more frequently and on a larger scale. In circumstances where the private sector charges user fees for public facilities, the general public may perceive this to be a form of "double taxation" whereby they are paying for services that they believe should be already paid for by their taxes.

Political: There is political advantage with respect to public perception and financial management credentials, as projects can be delivered on time with less impact on budget. However, difficulty in accessing private sector information reduces transparency and can create problems related to project evaluation.

Typical Risk Sharing - PPP	
Type of Risk	Responsible Party
Demand & Revenue	Shared
Design & Construction	Private
Operating & Maintenance	Public or Private
Financial	Public or Private
Legal	Public
Political	Public
Environmental	Public

Source: Illinois Economic Policy Institute, Johnson Consulting

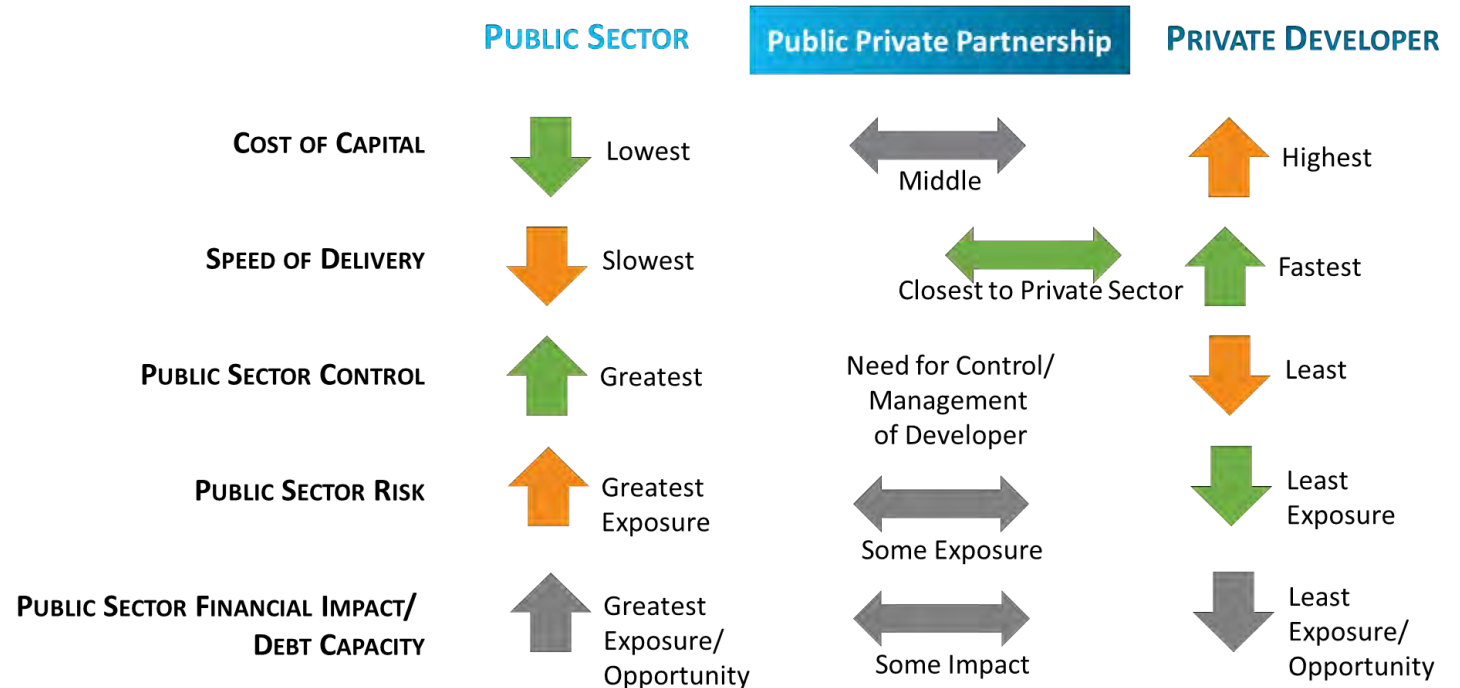
PPP Summary

The form and structure of a PPP is ultimately dictated by the parties involved, reflecting their relative strengths and contributions to the particular project. There is no 'one size fits all' model but the most successful PPPs will comprise partners with the experience and capability to work together under a thoughtfully executed contract and championed by the public sector.

From the public sector's perspective, PPPs present an opportunity to gain more control over a development than if it were undertaken entirely by the private sector, while lowering their exposure and risk compared to if they were to undertake the project themselves. The chart below shows how a PPP falls between a public sector project and a private sector development, as it relates to costs, timing, and public sector control, risks and financial impacts.

There is significant potential for a PPP to account for part of the proposed convention center's financing strategy. The foot traffic, and particularly non-local foot traffic, generated by convention centers makes them very appealing to private-sector retail and hotel businesses. Additionally, entertainment uses such as the Hard Rock Casino or the proposed Patriot Park development present significant synergies with convention centers, and the proprietors of these uses could become project partners. The project's next phase will provide more clarity on the market's interest in such a partnership.

COMPARISON OF PUBLIC, PRIVATE & PPP PROJECT ELEMENTS





Observations

Financing public investments such as convention centers is often a complex process, and significant creativity will be required to put together a financing plan for the proposed convention center. However, there are numerous mechanisms and strategies which Lake County, as well as its municipalities, can employ. Additionally, the financial commitment from the State of Indiana gives the project a significant head start. As the project moves into its next phase, each of these strategies should be explored in order to develop the financing strategy which is most advantageous for Lake County's residents.