Amended 5/21/18

Kent Taylor Civic Hall
200 NE Second Street
McMinnville, OR 97128

City Council Meeting Agenda
Tuesday, May 22, 2018
5:30 p.m. – Executive Session
6:00 p.m. – Work Session – Joint Meeting of the City Council and Visit McMinnville Board of Directors
7:00 p.m. – Regular Council Meeting

Welcome! All persons addressing the Council will please use the table at the front of the Council Chambers. All testimony is electronically recorded. Public participation is encouraged. If you desire to speak on any agenda item, please raise your hand to be recognized after the Mayor calls the item. If you wish to address Council on any item not on the agenda, you may respond as the Mayor calls for "Invitation to Citizens for Public Comment."

5:30 PM EXECUTIVE SESSION – CONFERENCE ROOM

EXECUTIVE SESSION: EXECUTIVE SESSION UNDER ORS 192.660(2)(d) TO CONDUCT DELIBERATIONS WITH PERSONS DESIGNATED TO CARRY OUT LABOR NEGOTIATIONS.

6:00 PM – Joint Meeting of the City Council and Visit McMinnville Board of Directors – COUNCIL CHAMBERS

1. Call to Order
2. Recap of Visit McMinnville 2017 Work Plan.
3. Presentation of Visit McMinnville 2018 Budget and Work Plan.
4. Presentation of Conference Center Feasibility Study.
5. Adjournment

7:00 PM – REGULAR COUNCIL MEETING – COUNCIL CHAMBERS

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. INVITATION TO CITIZENS FOR PUBLIC COMMENT – *The Mayor will announce that any interested audience members are invited to provide comments. Anyone may speak on any topic other than: a matter in litigation, a quasi-judicial land use matter; or a matter scheduled for public hearing at some future date. The Mayor may limit comments to 3 minutes per person for a total of 30 minutes. Please complete a request to speak card prior to the meeting. Speakers may not yield their time to others.*

4. CONSENT AGENDA
   a. Consider request for limited on-premises OLCC License from WD Lambert LLC dba Geraldis located at 226 NE 3rd Street.
   b. Consider request for Winery OLCC License from Main et Coeur located at 2803 NE Orchard Avenue.

Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made a least 48 hours before the meeting to the City Recorder (503) 435-5702. For TTY services, please dial 711.

c. Consider request for Brewery – Public House OLCC License from Bierly Brewing LLC located at 214 NE 11th Street.

d. Consider **Resolution No. 2018-23**: A Resolution Extending the Approval of an Option and Tower Lease Agreement with Verizon Wireless, LLC; amending Resolution 2018-06.

5. DISCUSSION ON SMOKE FREE THIRD STREET

6. RESOLUTIONS
   a. Consider **Resolution No. 2018-24**: A Resolution adopting a supplemental budget for fiscal year 2017-2018 and making supplemental appropriations. (General Fund, Fire Department and Ambulance Fund)
   b. Consider **Resolution No. 2018-25**: A Resolution adopting a supplemental budget for fiscal year 2017-2018 and making supplemental appropriations. (Airport Maintenance Fund

7. ADVICE/ INFORMATION ITEMS
   a. Reports from Councilors on Committee & Board Assignments
   b. Department Head Reports
   c. Cash and Investment reports – February

8. **5:30 PM EXECUTIVE SESSION – CONFERENCE ROOM**

   EXECUTIVE SESSION: EXECUTIVE SESSION UNDER ORS 192.660(2)(d) TO CONDUCT DELIBERATIONS WITH PERSONS DESIGNATED TO CARRY OUT LABOR NEGOTIATIONS.

9. ADJOURNMENT

Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made a least 48 hours before the meeting to the City Recorder (503) 435-5702. For TTY services, please dial 711.

Visit McMinnville

Business Plan & Budget

Fiscal Year 2019

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Board of Directors & Staff Members

Erin Stephenson
Board Chair
Co-Owner
3rd Street Flats & Atticus Hotel

Maria Stuart
Board Vice Chair
Partner
R. Stuart & Co. Winery

Ellen Brittan
Board Treasurer
Co-Owner
Brittan Vineyards

Cindy Lorenzen
Board Member
Owner
Sage Restaurant

Ty Rollins
Board Member
Owner
Comfort Inn

Emily Howard
Board Member
Owner
Thistle Restaurant

Dani Chisholm
Board Member
Property Manager
McMenamins Hotel Oregon

Jennifer Feero
Board Member-At-Large
Willamette West Realtors
Real Estate Broker

Courtney Cunningham
Board Member-At-Large
Owner
Glint Creative

Jeff Towery
Board Member (Non-Voting)
City Manager
City of McMinnville

Kellie Menke
Board Member (Non-Voting)
City Councilor
City of McMinnville

Jeff Knapp
Executive Director
Visit McMinnville

Kitri McGuire
Marketing Manager
Visit McMinnville

Mission Statement

Visit McMinnville's mission is to enhance the economic vitality of our community by promoting McMinnville as a year-round visitor, convention, and event destination by maximizing collaborative partnerships, efficiently activating transient lodging tax revenue into effective sales and marketing programs, and cultivating a world class visitor experience.

In essence, Visit McMinnville is an innovative marketing organization dedicated to enhancing McMinnville's economy by attracting as many visitors as possible to the City, and once they're here, ensuring those visitors spend as much money as possible with local businesses.

Fiscal Year 2018
In Review

Increased transient lodging tax (TLT) by 6.1% in the 2017 calendar year

Over 91,000 unique website sessions on visitmcminnville.com (7/17-4/18) - a 20.1% increase YOY

Social media channel follower growth (7/17-4/18): 37%, 49%, & 10% on Instagram, Twitter, and Facebook respectively

Created new winter TV and social media ads using visitor survey data to target travelers most likely to visit McMinnville

Over 3.4 million earned media impressions gained through media relations efforts, 7/17-4/18 (exceeded goal by 177%)

Executed board-level strategic planning retreat in January 2018 focused on building a 1-3 year plan

Deployed increased TLT dollars to complete a comprehensive feasibility study to support future group sales investments

Worked with the VM-founded McMinnville Community Wayfinding Committee, whose focus is to create easily accessible information systems that guide people to and through town, to complete a strategic wayfinding plan

Brought regional, national, and international media and FAM tours to town with custom itineraries to showcase McMinnville as a premium tourism destination

Utilized grant dollars ($27,500) from Travel Oregon to connect with their tourism database, OTIS, and enhance the VM website user experience with a homepage redesign, navigation, search, sort, and filter capabilities, and improved stakeholder listings that include mapping, images, and descriptions

Distributed McMinnville lookbooks and Wine Walk passports to Welcome Centers around the state and to premier corporate partners like Boeing, Intel, and AAA

Worked with the City, local interests, and other economic development organizations to contribute to a cohesive, long term economic development plan

Utilized grant dollars ($7,500) from the Oregon Wine Country License Plate fund to develop Taste McMinnville Month, a tasting and dining month in the low season supported by strategic advertising investments and custom branding

Developed a "Win an Oregon Wine Adventure Sweepstakes", partnering with like-minded luxury brands and earning over 100,000 impressions and over 2,700 new newsletter signups

Created collateral for on-the-ground visitor support, including updated Wine Walk brochures, Dining and Tasting Maps, directional walk/cycle/drive maps for visitors to Linfield, and other supporting pieces

Partnered with local cycling professionals to develop a collection of cycling imagery and safe wine country cycling routes

Collaborated with regional tourism stakeholders and industry organizations to begin development of a new, transparent, stakeholder-driven county-wide tourism effort

Held a dynamic media activation in New York City for lifestyle, food, craft beverage, and travel writers to introduce them to McMinnville, the Atticus Hotel, Bless Your Heart Burgers, Willamette Valley wines, and other tourism stakeholders

Earned Media Outlets

FOX 12 Oregon

Oregon Wine Press

Departures

1859 Oregon's Magazine

Thrillist

KATU 2

Portland Monthly

OregonLive The Oregonian

Willamette Week

The New School

Northwest Travel & Life

The Seattle Times

Winetraveler

Wine Access

Orbitz

Bend — Central Oregon Life & Style

Forbes

The Portland Mercury

Vancouver Sun

Sip Northwest

Sunset

The New York Times

Food & Wine

Vogue

Portland Tribune

Brides

Feed Me Dearly est. 2013

Expedia

Brewpublic

Wine Folly

Statesman Journal — Part of the USA Today Network

KGW8 News

McMinnville Tourism
By the Numbers

63%
visitors who live outside Oregon

6.1% increase in TLT in 2017
(normalized)

39%
visitors who stay overnight

8% visitors from outside the USA

20.1%
growth of unique visits to VisitMcMinnville.com FY17 v. FY18

3.4
average number of nights stayed by overnight visitors

1,700+
tourism-related jobs in Yamhill County
(up 1.6% from 2016)

3.4 million
earned media impressions
(7/17-4/18)

31%
visitors from Portland

80%
overnight visitors who spent time on 3rd Street

$111.5 million
2017 Yamhill County visitor spending
(up 4.6% from 2016)

95% visitors who gave McMinnville a 4 or 5 rating
(on a 5 pt scale)

$36 million
direct earnings from tourism-related jobs
(up 6.7% from 2016)

Data from: Dean Runyan & Assoc., 2018 & Visit McMinnville Visitor Survey, 2016

Fiscal Year 2019 Goals

Increase annual transient lodging tax (TLT) revenue by 9%

Execute strategy to attain 150,000 unique website visitors; a projected 25% increase over expected FY18 unique visitors to visitmcminnville.com

Work with creative agency to create new Visit McMinnville brand identity

Align branding with creation and production of a 2 year cohesive ad campaign targeted at improving low and shoulder season overnight visits and destination brand awareness

Activate data to support effective targeting for a diverse advertising mix, improving low and shoulder season overnight visits and destination brand awareness

Create strategic plan to target group sales opportunities for McMinnville by activating additional revenue from increased TLT

Increase focus on brand awareness of Visit McMinnville's Wine Walk promotion

Engage social media channels to drive increased visits to visitmcminnville.com

Secure regional and national non-paid media coverage resulting in 1.56 million impressions

Optimize visitmcminnville.com by strengthening filtering capabilities, solidifying the event calendar user experience, and building toward itinerary planning

Enhance investments in visitmcminnville.com to increase organic traffic by 25% through maximizing search engine optimization (SEO) and search engine marketing (SEM)

Execute strategy to hand over McMinnville Community Wayfinding Master plan and subsequent assumed grant management over to the City of McMinnville

Fiscal Year 2019 Goals

Execute February Taste McMinnville Month and analyze areas to improve stakeholder engagement and impact

Partner with the Willamette Valley Wineries Association at their 2019 Pinot in the City activations

Bring additional focus on arts and culture through the production of a physical Public Art and Gallery map with complementary web assets

Work to identify and lead opportunities to further develop McMinnville as a diverse tourism destination through partnerships with higher education, arts and culture, outdoor recreation, and other regional tourism partners

Distribute quarterly consumer e-newsletters and grow list by 500 consumers

Plan and execute third board retreat and strategic visioning in January 2019

Collaborate with McMinnville Downtown Association (MDA), McMinnville Economic Development Partnership (MEDP), and the McMinnville Chamber of Commerce

Improve tourism promotion and connectivity at our airport

Develop initial Visit McMinnville Committee structure to help achieve overarching goals

Actively participate in City of McMinnville's Economic Development Strategic Planning

Provide community leadership in networking and leveraging resources for the elevation of hospitality and service for front line tourism stakeholder businesses

Fiscal Year 2019 Budget Rollup

revenue based on a 4% increase in TLT growth

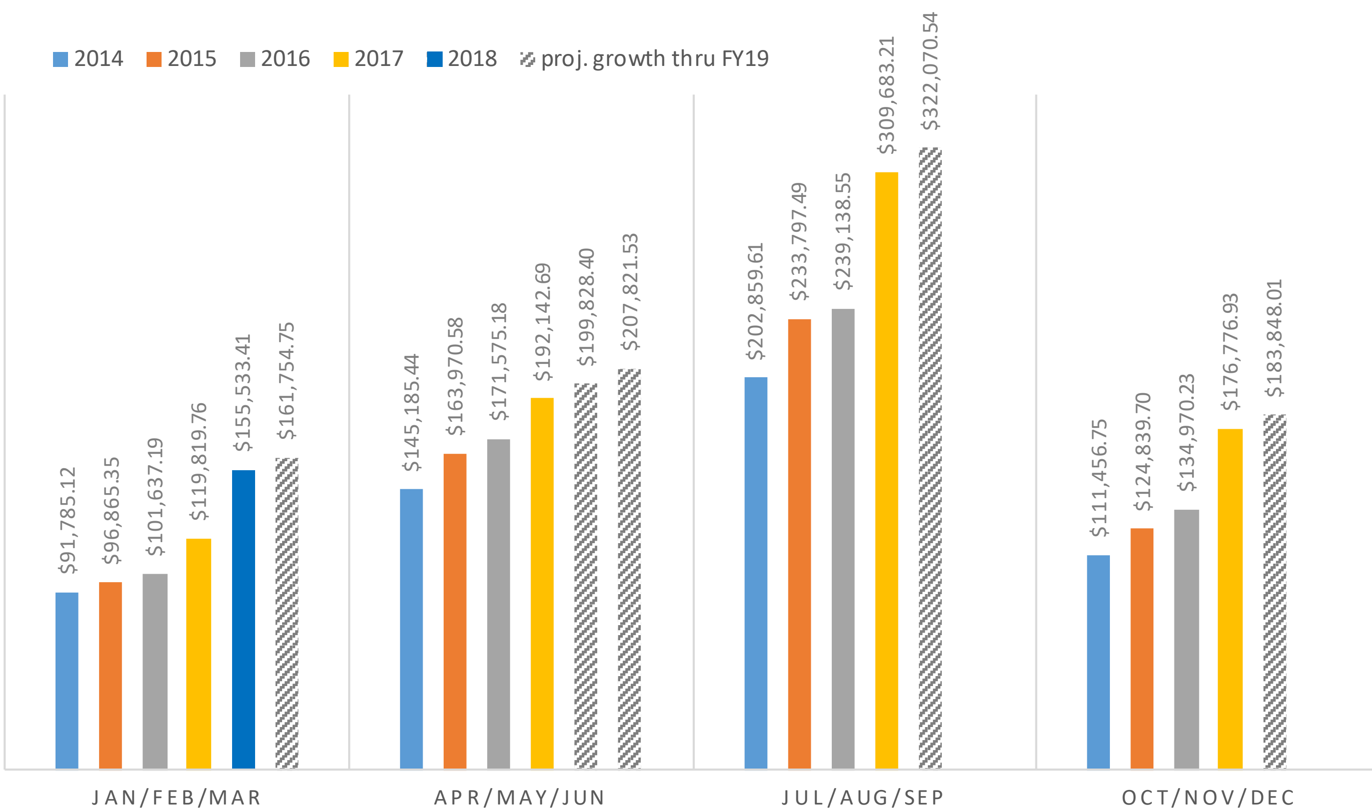
Income

Estimated City Funding	$831,938

Expenses

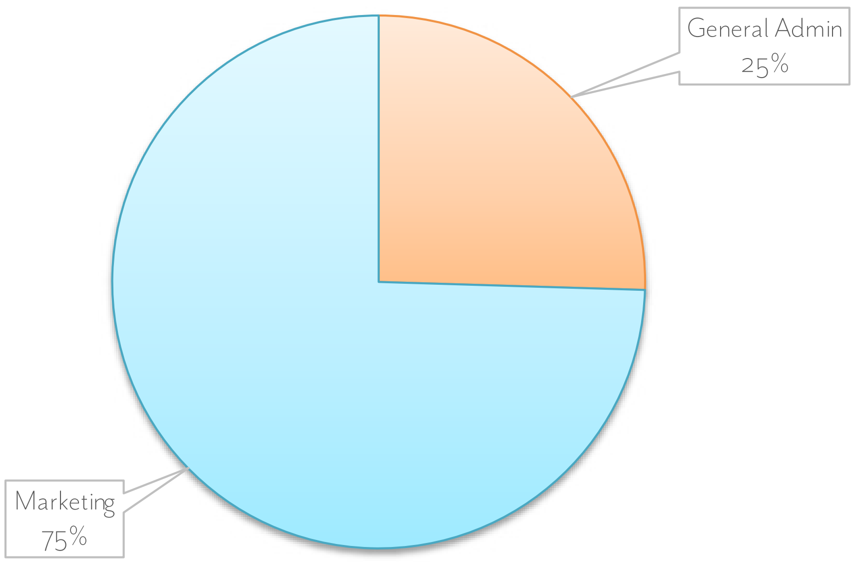
General Admin	$211,955
Marketing	$619,983

TLT Collections: Historic & Projected

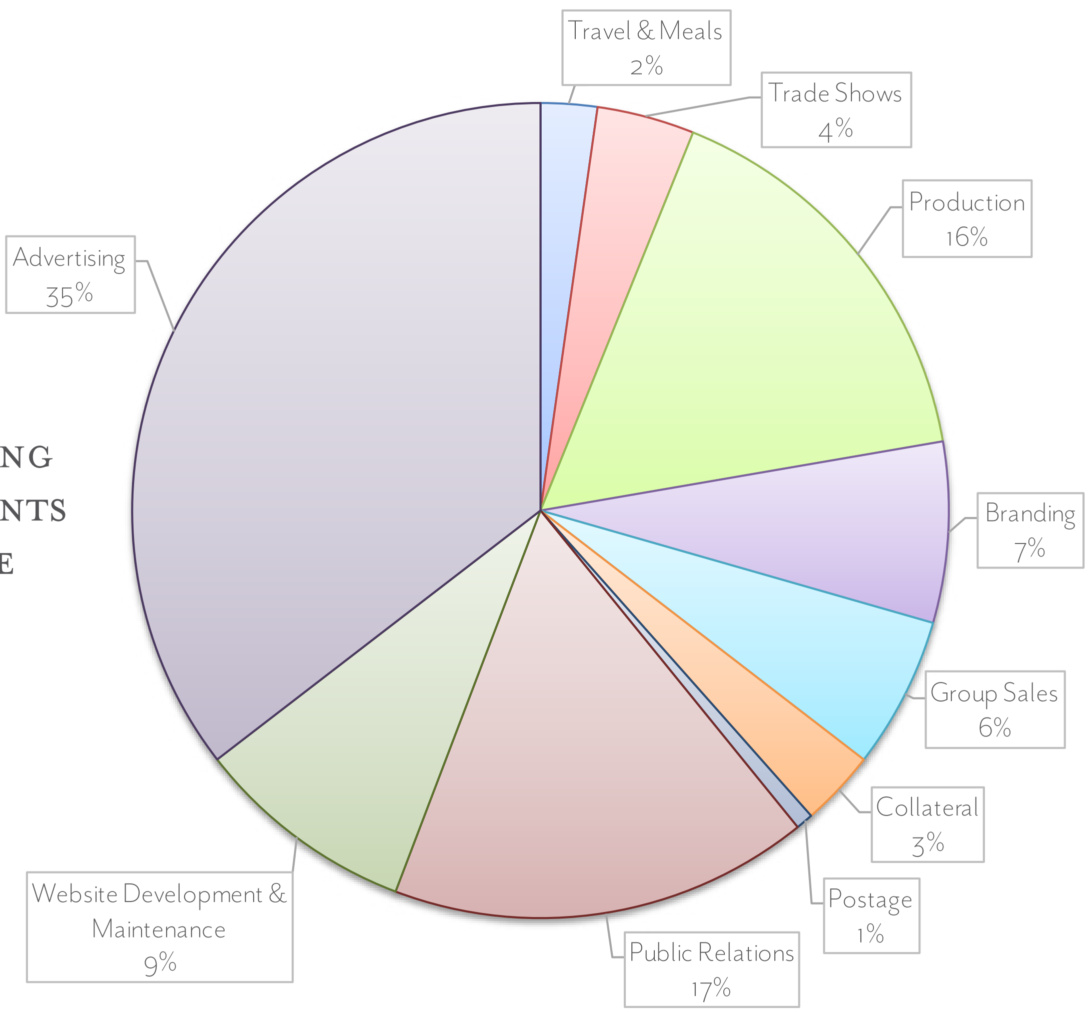


Fiscal Year 2019 Budget Breakout

Expenditures by Type



Marketing Investments by Type



visit
McMINNVILLE
oregon
the heart of oregon wine country

visitmcminnville.com

MCMINNVILLE CONFERENCE CENTER AND DESTINATION ANALYSIS

SUBMITTED TO
Visit McMinnville

SUBMITTED BY
Johnson Consulting

DATE
January 16, 2018

JOHNSON CONSULTING

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SECTION 1

TRANSMITTAL LETTER

January 16, 2018

Mr. Jeff Knapp
Executive Director
Visit McMinnville
328 Davis St. #1
McMinnville, Oregon 97128

Re: Conference Center and Destination Analysis

Dear Mr. Knapp

C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to submit this McMinnville conference center market analysis report. This report analyzes and recommends a need for conference and meeting space to help drive tourism to the region during non-peak months. This study examines McMinnville's market potential, convention industry trends, peer facilities in the McMinnville region and on the national scale; outlines the specific development recommendations; and projects the potential demand and financial performance of a new McMinnville facility.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. 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 the projected results and the actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the clients' 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,

C.H. Johnson Consulting, Inc.

C.H. Johnson Consulting, Inc.

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SECTION 2

INTRODUCTION AND EXECUTIVE SUMMARY

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INTRODUCTION

Johnson Consulting was retained by Visit McMinnville in McMinnville, Oregon to perform a market analysis to help determine the need for conference and meeting space and how other tourism strategies may drive tourism to the region during non-peak months.

OBJECTIVES

In order to assess the opportunity for a new Convention Center in McMinnville, Oregon the report addresses the following questions:

1. **Market and Industry Potential:** What is the overall potential of the proposed facility? Which existing and proposed venues will the facility compete with, or complement? Who will utilize the facility and what are their needs, desires, and expectations?

2. **Program Considerations:** What size should the facility be? What physical attributes should the facility have?

3. **Neighborhood Considerations:** Given the optimal facility program, what complementary neighborhood considerations should be made a priority? How will linkages to hotel supply and entertainment offerings influence program recommendations? Are there deficiencies in these offerings that could impact operation of the facility?

4. **Operations:** How should the facility operate from a demand and financial perspective, as well as from a management and business-planning standpoint?

5. **Funding:** What funding mechanisms are available to the proposed facility? Can adjacent, private sector real estate aid in the facility's funding?

METHODOLOGY

In order to complete the analysis required for this project, Johnson Consulting performed the following tasks:

1. Interviewed and surveyed various Client representatives, and event facility operators and managers, along with other relevant stakeholders and representatives, in order to gather information about expectations for the proposed project.

2. Examined and projected regional economic and demographic trends that may influence demand for the proposed venue.

3. Identified and examined relevant regional, and national comparable facilities.

4. Developed facility program options, guidelines, and a set of recommendations for the program specifics that are most suitable to meet demand potential.

5. Developed projections of future demand for the proposed venue, in terms of annual events and attendance.

6. Investigated the various options for the management and operation of the facility as well as mechanisms available to fund the facility and its ongoing operations.

EXECUTIVE SUMMARY

REPORT OUTLINE

Section 1 – Transmittal Letter
Section 2 – Introduction and Executive Summary
Section 3 – Demographic and Economic Analysis
Section 4 – Industry Trends
Section 5 – National Comparable Facilities Analysis
Section 6 – Demand and Operating Projections

Market Overview – McMinnville is a unique and special community given its geographic location in Oregon's Wine District and its proximity to many natural wonders. Its appeal as a destination and proximity to Portland has allowed the community to tap into the growing Oregon tourism industry and build a robust downtown for a city of its size. McMinnville's location could potentially make it desirable as a meeting and convention destination, which if leveraged, would help to extend and increase the number of visitors to McMinnville, diversify demand, and help fill existing hotel rooms in the off-peak season. Focusing on the surrounding primary industry sectors of agriculture, education, health services, manufacturing, government, and tourism provides a strong starting point to pursue meetings, conventions and tradeshows related to those industry sectors.

From a macroeconomic standpoint, developing a new McMinnville can strengthen its downtown and surrounding winery market and grow the deficient hotel market. From a facilities standpoint, developing a new convention center in McMinnville can fill the facilities void that the City, and surrounding region are currently experiencing, even though the market is ready to support one. From a competitive positioning standpoint, such development will improve McMinnville's attractiveness to residents, potential event planners, and sporting events and help fill hotel room stock in the off season.

Industry Trends – There are millions of conventions, tradeshows, and meetings happening annually throughout North America and around the world. The rationale for meetings and associations still exists and will continue to do so. Since 2012 the market has been gaining momentum, with most meeting planners and event organizers maintaining or increasing event levels and anticipating event attendance to remain consistent or improve going forward. The hotel industry also showed significant improvements, reflecting broader growth in the meetings and tourism sectors. This growth has continued into 2016 with overall CEIR Index growth of 1.2 percent, followed by projected growth of 2.4 percent in 2017 and 2.8 percent in 2018.

Target markets for this venue will be the Portland area corporate market, state and regional trade shows, agri-business equipment shows, entertainment and festivals, sporting events, use by Linfield College, and significant number of social and banquet events.

Comparable Facilities Analysis – There are clearly a number of regional, and national facilities that have been developed in communities as small as McMinnville in response to a desire to grow the economy and tourism. These facilities have been successful at attracting events and establishing a clear market in naturally beautiful locations. The existence of a market for national and local events, and the current lack of facilities in the Willamette Valley, and the State of Oregon, suggests that McMinnville could have a successful convention center.

McMinnville desires to fill its hotel rooms during the off season, which a conference center will encourage, but it's current stock is not sufficient enough to accommodate larger events crucial to the long term success of the convention center. This became clearer when comparing McMinnville's hotel stock to other comparable facilities. Facilities that are of similar size and location to McMinnville typically have a larger selection of rooms for tourists, and event attendees to choose from

Facility Program Recommendations – The Johnson Consulting Team proposes the following program for McMinnville Convention Center:

Table 2-1

McMinnville, Oregon Conference Center Recommended Program		
	Size/ Capacity (Net SF)	
Convention Center		
Exhibit Hall	20,000	SF
Ballroom	10,000	SF
Meeting Rooms	10,000	SF
Total	**40,000**	**SF**

Source: Johnson Consulting

The ideal McMinnville Convention Center would have 20,000 square feet of flexible exhibit hall space, 10,000 square feet of ballroom space, and 10,000 square feet of meeting room space broken up between a number of rooms. This would allow the McMinnville Convention Center to serve a large portion of the market, and remain competitive among similar facilities in the area.

Demand and Attendance Projections

If the recommended program is implemented, the new McMinnville Convention Center is expected to be optimally utilized. Currently, venue inventory in McMinnville is insufficient to accommodate all event demand from potential users. The proposed new facility will offer the right square footage and mix of spaces currently identified as major deficiencies in the existing inventory.

Upon stabilization (Year 5), the recommended McMinnville Convention Center is expected to accommodate 167 events, generating over 61,914 attendees. Given the currently unaccommodated event demand in McMinnville, Oregon and the Willamette Valley, these projections are achievable. The facility will incur an operating deficit, but it will become negligible once the facility stabilizes.

Table 2-2

McMinnville, Oregon Conference Center
Recommended Program
Summary of Potential

# of Demand	Year 1	Year 5	Year 10
Exhibit Events	16	35	35
Non-Exhibit Events	108	132	132
Total	**124**	**167**	**167**
Attendance	**Year 1**	**Year 5**	**Year 10**
Exhibit Events	13,200	33,310	36,775
Non-Exhibit Events	18,900	28,604	31,658
Total	**32,100**	**61,914**	**68,433**
Financials ($000)	**Year 1**	**Year 5**	**Year 10**
Operating Revenue	$1,024	$1,882	$2,280
Operating Expenses	$1,494	$1,930	$2,262
Net Operating Income	**($470)**	**($47)**	**$18**
Reserve for Replacements	$25	$46	$56
NOI After Reserve for Replacement	**($495)**	**($93)**	**($38)**

Source: Johnson Consulting

Site Options

Three sites make sense- In downtown, between the main downtown core and Linfield College; In downtown, near 3rs Street and the Granary District; and near the Aviation Museum. The downtown area as close to 3rd Street as possible is preferred as it would leverage the College and the amenities downtown. About two city blocks should be budgeted for assemblage to accommodate such a facility. A hotel of 150 to 200 rooms should be targeted as well as that is a limiting condition to success for this facility. The figure below provides a map with these potential site areas highlighted.

Figure 2-2

The Aviation Museum site would also work. Visitors to that venue would use the downtown area, during parts of the day that they would not be meeting at the Conference Center. The current ownership issues for the land holdings for the complex have not been resolved. If this site were chosen, a site near the waterpark area would provide a combined waterpark/ convention center, which has proven to be a very successful model in other markets. A proposal for a 90-room hotel has been made for this area. In our judgement, a minimum 200 room hotel should be contemplated. If the proposed sports complex were to evolve, which currently faces several obstacles, this area could be a much more robust attraction than it is today and land planning could include further hotel development.

Funding

Oregon has a difficult time funding venues like convention centers. Its absence of a sales tax in the State put pressure on all other tax revenue streams and inhibit deal structuring to happen. Tools that have been used in Oregon are:

- Dedicated lodging tax
- Creation of a special tax district with sales levies on certain sales (hotels). The Oregon Convention Center is owned and operated by Metro. The Convention Center's expansion was financed through a mix of funds from three separate governmental entities. Resources from Metro totaled $5.0 million, Tax Increment Financing totaled $5.0 million, and the remaining over $100 million was funded through a combination of hotel/motel taxes and car rental fees.
- The Salem Convention Center and the Seaside Convention Center were funded by property taxes and general fund revenues, either granted directly by the City or via a Tax Increment District.
- In McMinnville, the wine industry, either through state taxes on wine or through a foundation formed by wine owners could be a funding resource as well.

SECTION 3

MARKET ANALYSIS

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MARKET ANALYSIS

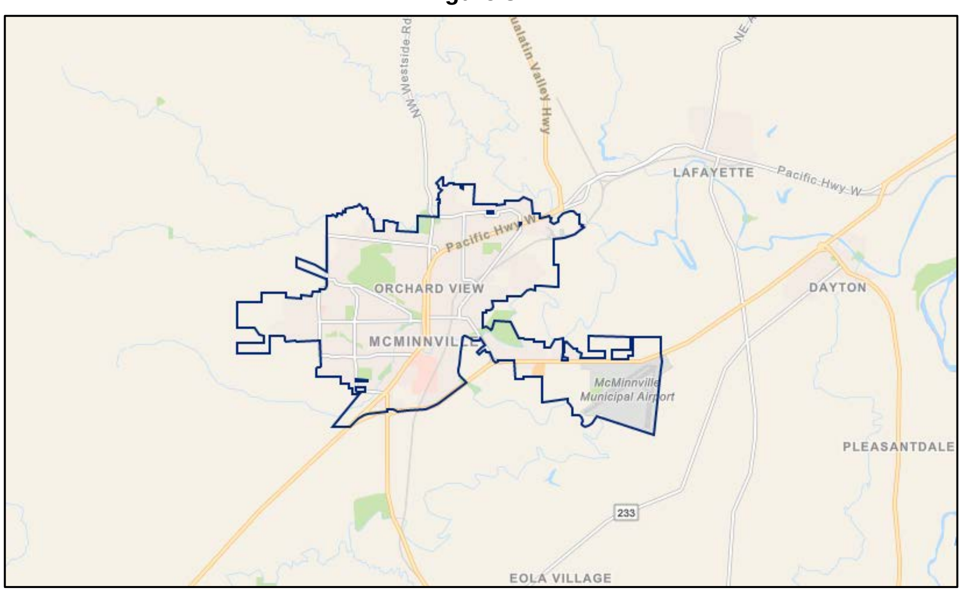
In order to analyze meeting space need and tourism growth opportunities during non-peak months, Johnson Consulting performed a comprehensive review of market conditions in the City of McMinnville, Yamhill County, the Portland-Vancouver-Beaverton Metropolitan Statistical Area (MSA) and the Salem Metropolitan Statistical Area (MSA), relative to state and national averages. Key objectives of this analysis were to identify structural factors, determine strengths and weaknesses that may affect the market's ongoing competitive position, and gauge the level of support for a potential development that would increase tourism to the area during non-peak months.

While characteristics such as population, employment and income are not strict predictors of the performance of civic and convention centers, they provide insight into the capacity of a market to provide ongoing support for facilities and activities. In addition, the size and role of a marketplace, its civic leadership, proximity to other metropolitan areas, transportation concentrations, and the location of competing and/or complementary attractions directly influence the scale and quality of facilities that can be supported within that particular market.

MARKET OVERVIEW

Located in northwest Oregon, McMinnville is 40 miles southwest of Portland and 20 miles north of Salem, the state capital. McMinnville is considered part of the Portland MSA, which has a population of approximately 2,438,192 people, even though it is geographically closer to the Salem MSA, which has a population of 418,765. McMinnville is a small town known for being the "Heart of Oregon Wine Country" due to its 220 wineries in the area. It is also between Portland and the Oregon coast.

Figure 3-1



Source: ESRI ArcGIS

CURRENT POPULATION

Currently, the population of McMinnville had an estimated resident population of 33,517 persons, representing 32 percent of the population of Yamhill County (104,675 persons). Between 2000 and 2017, the population of McMinnville increased by 23 percent, making its growth faster than the Salem MSA (21 percent), the State of Oregon (20 percent) and the United States (16 percent) but not the Portland MSA (26 percent). From 2010 to 2017, the City's compounded annual growth rate (CAGR) was 0.6 percent, which was slightly lower than Yamhill County (0.8 percent), the Portland MSA (1.3 percent), the Salem MSA (1.0 percent), the State of Oregon (1.1 percent), and the United States (0.8 percent).

Table 3-1

McMinnville, Oregon
Historic and Current Population (2000-2017)

	2000	2010	2017	% Growth 2000-2017	CAGR* 2000-2010	CAGR* 2010-2017
United States	281,421,906	308,745,538	327,514,334	16%	0.9%	0.8%
Oregon	3,421,399	3,831,074	4,122,334	20%	1.1%	1.1%
Portland,OR MSA	1,927,881	2,226,009	2,438,192	26%	1.4%	1.3%
Salem, OR MSA	347,214	390,738	418,765	21%	1.2%	1.0%
Yamhill County, OR	84,992	99,193	104,675	23%	1.6%	0.8%
McMinnville, Oregon	**27,198**	**32,187**	**33,517**	**23%**	**1.7%**	**0.6%**
30-Minute Drive Time	**88,756**	**103,420**	**109,603**	**23%**	**1.5%**	**0.8%**
60-Minute Drive Time	**989,445**	**1,132,787**	**1,229,486**	**24%**	**1.4%**	**1.2%**
90-Minute Drive Time	**2,269,075**	**2,578,683**	**2,804,441**	**24%**	**1.3%**	**1.2%**

**Compounded Annual Growth Rate*
Sources: Johnson Consulting, Esri ArcGIS BAO

AGE CHARACTERISTICS

In 2017, the median age of McMinnville's residents was 35.6 years, which is younger than Yamhill County (37.9 years), Salem MSA (36.5 years), the Portland MSA (38.0 years), the State of Oregon (39.6 years), and the United States (38.2 years). Between 2010 and 2017, the median age in McMinnville increased by 4.71 percent (1.6 years) in contrast to an increase of 2.99 percent in Yamhill County, 3.11 percent in the Salem MSA, and 3.53 percent in the Portland MSA. From 2017 to 2022, McMinnville is projected to have a lower growth rate (1.69 percent) than the US, the State of Oregon, and Salem, but a higher growth rate than the surrounding county and the Portland MSA.

Table 3-2

McMinnville, Oregon Median Age (2010-2022)					
	2010	2017	2022	Growth 2010-2017	Growth 2017-2022
United States	37.1	38.2	38.9	2.96%	1.83%
Oregon	38.3	39.6	40.3	3.39%	1.77%
Portland, OR MSA	36.7	38.0	38.6	3.54%	1.58%
Salem, OR MSA	35.4	36.5	37.2	3.11%	1.92%
Yamhill County, OR	36.8	37.9	38.5	2.99%	1.58%
McMinnville, Oregon	34.0	35.6	36.2	4.71%	1.69%
30-Minute Drive Time	**37.0**	**38.1**	**38.8**	2.97%	1.84%
60-Minute Drive Time	**36.2**	**37.4**	**38.0**	3.31%	1.60%
90-Minute Drive Time	**36.4**	**37.7**	**38.4**	3.57%	1.86%

Sources: Johnson Consulting, Ersi ArcGIS BAO

EDUCATIONAL ATTAINMENT

The education level of residents of McMinnville is lower than those of the surrounding area when comparing both less than secondary and post-secondary graduation rates. Only 23.4 percent of McMinnville residents aged 25 and older hold a bachelor's degree or higher compared to 25.3 percent of residents in Yamhill County, 25.5 percent in the Salem MSA and 38.3 percent in the Portland MSA. McMinnville also has a higher percentage of its population with less than a high school degree at 13.9 percent, compared to 12.2 percent for Yamhill County and 9.9 percent across the State or Oregon. However, at 29.9 percent, McMinnville has a higher percentage of the population with a just a high school diploma when compared to Yamhill County, the Salem MSA, the Portland MSA and the State of Oregon MSA with 28.3%, 25.7%, 20.4% and 22.8%, respectively.

Table 3-3

McMinnville, Oregon Educational Attainment 25+ (2017)						
	McMinnville, OR	Yamhill County, OR	Portland MSA	Salem MSA	Oregon	United States
Less than High School	**13.9%**	12.2%	8.5%	13.8%	9.9%	12.6%
High School Graduate	**29.9%**	28.3%	20.4%	25.7%	22.8%	27.4%
Some College, No Degree	**24.7%**	25.9%	24.0%	26.3%	25.5%	20.6%
Associates Degree	**7.8%**	8.4%	8.9%	8.7%	8.9%	8.3%
Bachelor's Degree	**13.5%**	16.4%	24.3%	16.6%	20.8%	19.3%
Graduate Degree	**10.1%**	8.9%	13.9%	8.9%	12.2%	11.8%

Sources: Johnson Consulting, Ersi ArcGIS BAO

EMPLOYMENT

In 2016, the predominant industry of employment in Yamhill County was Manufacturing (16.2 percent of employed residents aged 16 years and older), followed by Other Services (11.8 percent), and Educational

Institutions (9.7 percent). When looking at the number of businesses, Other Services has the most at 693, followed by Manufacturing (308 businesses) and construction (259 businesses).

Table 3-4

Yamhill County, Oregon Labor Summary* (2016)				
Sector	Businesses		Employees	
	#	%	#	%
Manufacturing	308	8.6%	5,885	16.2%
Other Services	693	19.4%	4,283	11.8%
Education Institutions	79	2.2%	3,522	9.7%
Health Services	193	5.4%	3,008	8.3%
Government	142	4.0%	2,811	7.8%
Wholesale Trade	138	3.9%	2,086	5.8%
Eating and Drinking Places	191	5.4%	1,977	5.5%
Agriculture & Mining	187	5.2%	1,482	4.1%
Home Improvement	70	2.0%	1,315	3.6%
Food Stores	85	2.4%	1,305	3.6%
Auto Dealers, Gas Stations	79	2.2%	1,050	2.9%
Construction	259	7.3%	1,000	2.8%
Miscellaneous Retail	191	5.4%	972	2.7%
General Merchandise Stores	16	0.4%	740	2.0%
Transportation	100	2.8%	685	1.9%
Insurance Carriers and Agents	53	1.5%	684	1.9%
Motion Pictures & Amusements	99	2.8%	645	1.8%
Hotels & Lodging	37	1.0%	539	1.5%
Real Estate, Holding, Other Investment Offices	120	3.4%	518	1.4%
Total**	**3,569**	**100.0%**	**36,244**	**100.0%**

**Sectors w/ 500+ employees*
***Including sectors w/ less than 500 employees*
Sources: Ersi BAO and Johnson Consulting

The following table shows the annual unemployment rates for Yamhill County, Salem MSA, Oregon, and the U.S for the period of 2005 through 2016, where data is available.

Table 3-5

Yamhill County, Salem, Oregon
Unemployment Rate* (2000-2016)

Year	Yamhill County, OR	Salem MSA	Portland MSA	Oregon	United States
2005	6.1%	5.7%	5.9%	6.2%	5.1%
2006	5.1%	5.4%	5.1%	5.3%	4.6%
2007	5.0%	5.3%	5.0%	5.2%	4.6%
2008	6.5%	9.1%	6.1%	6.6%	5.8%
2009	11.6%	10.6%	10.9%	11.3%	9.3%
2010	10.4%	10.7%	10.2%	10.6%	9.6%
2011	9.2%	10.1%	9.0%	9.4%	8.9%
2012	8.5%	9.8%	8.0%	8.8%	8.1%
2013	7.6%	8.7%	7.1%	7.8%	7.4%
2014	6.5%	7.3%	6.2%	6.8%	6.2%
2015	5.3%	5.9%	5.2%	5.6%	6.4%
2016	4.7%	5.1%	4.7%	4.9%	4.8%

**Average Annual Rate (seasonally unadjusted).*
Sources: U.S. Bureau of Labor Statistics, Ersi BAO, Johnson Consulting

The current unemployment rate in Yamhill County, as of 2016, is 4.7 percent, which is lower than the MSA (5.1 percent), the State of Oregon (4.9 percent) and the US (4.8 percent). Yamhill County's unemployment rate has decreased every year since 2009 when it peaked at 11.6 percent. Their unemployment rate is more volatile than the national average on both the high and low end.

HOUSEHOLD INCOME

In 2017, the median household income in McMinnville was estimated to be $50,303, which is lower than Yamhill County ($58,446), the Salem MSA ($53,512), the Portland MSA ($63,671), the State of Oregon ($55,012), and national ($56,124) averages. Within a 30-minute drive from McMinnville, the median household income increases to $58,163. There are many wine owners who do not reside in the County, but do spend substantial income in the county.

Table 3-6

McMinnville, Oregon Median Household Income (2017-2022)			
	2017	2022	CAGR* 2017-2022
United States	$56,124	$62,316	2.1%
Oregon	$55,012	$62,633	2.6%
Portland, OR MSA	$63,671	$75,159	3.4%
Salem, OR MSA	$53,512	$60,503	2.5%
Yamhill County, OR	$58,446	$67,905	3.0%
McMinnville, Oregon	$50,303	$57,134	2.6%
30-Minute Drive Time	**$58,163**	**$67,470**	**3.0%**
60-Minute Drive Time	**$62,828**	**$73,700**	**3.2%**
90-Minute Drive Time	**$60,138**	**$70,351**	**3.2%**

**Compounded Annual Growth Rate*
Sources: Esri ArcGIS BAO, Johnson Consulting

CORPORATE PRESENCE

A strong corporate and business presence can be an important factor in the ongoing success of a public assembly facility, because local businesses can attract residents to an area, provide disposable income, and support facilities through donations, advertising, and their requirement for event space. A convention facility also adds to the quality of life in its host community. The following table shows the largest employers in Yamhill County. As shown, the largest employers are spread across a range of industries, reflecting the increasing diversification of McMinnville's economy from its traditional manufacturing industry. Note that the employment of Evergreen is that of the museum and Evergreen's corporate operation.

Table 3-7

Yamhill County Top 10 Largest Employers		
Employer	**Industry**	**Number of Employees**
A-dec	Dental Equipment	978
George Fox University	Private College	560
Cascale Steel Rolling Mill	Steel Products	431
Linfield College	Private College	430
Willamette Valley Medical Center	Full Service Hospital	420
Federal Correctional Institute Sheridan	Security Facility	380
Evergreen International Airlines/ Aviation Museum	Transportation/ Museum	361
Meggitt Polymers & Composites	Aerospace Silicone Products	283
Providence Newberg Medical Center	Full Service Hospital	255
SP Fiber Technologies	Newsprint and paperboard	225

Sources: Johnson Consulting, Grow Yamhill County

UNIVERSITY AND COLLEGE PRESENCE

McMinnville is home to Linfield College, which is one of the oldest colleges in Oregon.

The following universities and colleges are located within an approximate radius of 25 miles from McMinnville:

- **Linfield College: (0 miles)** Linfield College is a private liberal arts institution that was founded in 1858 as "McMinnville College" and is one of the oldest colleges in Oregon. It has a total undergraduate enrollment of 2,282 students. Linfield College is nationally recognized for its strong teaching faculty, outstanding academic programs and distinctive international emphasis. It has stated that it needs supplemental meeting facilities to support its operation.

- **Chemeketa Community College (2 miles):** Chemeketa Community College has campus' in McMinnville and Salem. Each year, it serves over 30,000 students across 2,600 square miles in multiple counties. This community college was established in 1969 and currently offers over 40 professional-technician programs.

- **George Fox University (13 miles):** George Fox University is a nationally recognized Christian liberal arts university located in Newberg, Oregon. George Fox currently has 4,080 students, 2,414 of them being undergraduate.

ACCESS

McMinnville is accessible via the following modes of transportation:

- **Airports:** McMinnville Municipal Airport, owned and operated by the City of McMinnville, is located 3-miles southeast of the central business district, and is home to the Evergreen Aviation and Space Museum. This airport covers 650-acres with has two asphalt runways that average 64,000 aircraft operations per year. This is a small regional airport that only flies in the pacific northwest. It serves primarily recreational aircraft but has the capacity to handle corporate jets.

  Portland International Airport (PDX), which is the closest international airport to McMinnville, offers direct connection to major airport hubs throughout the United States into almost every major domestic and international airport in the world. The airport is a major hub for Southwest, United, American Airlines, and Delta. This airport accounts for 90 percent of passenger travel and 85 percent of cargo travel in the state of Oregon and also serves as a joint Naval Base with the Oregon Air National Guard.

- **Roads:** There is no interstate that runs through or near McMinnville. The two major state highways that intersect with McMinnville are Oregon Route 18 and Pacific Highway West (also called 99W). Oregon Route 18 runs east and west and connects the Pacific Coast with McMinnville. Pacific Highway West runs north and south and eventually connects with Portland via Interstate 5. The $252 million Newberg-Dundee Bypass is opening soon and will provide 4 miles of new 2 lane road way connecting OR 99W just west of Dundee to OR 219 south of Newberg.

MCMINNVILLE LODGING MARKET

Currently, the McMinnville lodging market has a variety of lodging options. In total, the McMinnville market has 422 total rooms, with the largest hotels being Red Lion Inn & Suites (67 rooms), Comfort Inn & Suites (66 rooms), and Guesthouse Inn & Suites (65 rooms). The main demand generator for room nights in McMinnville are tourists who want to visit Oregon's wine country.

The twelve hotels in close proximity to McMinnville are listed below.

Table 3-8

McMinnville, Oregon Hotel Inventory/B&B Inventory	
Hotels	**# of Rooms**
Red Lion Inn & Suites McMinnville	67
Comfort Inn & Suites McMinnville	66
GuestHouse Inn Vineyard Inn	65
McMinnville Inn	59
Motel 6 McMinnville	55
Hotel Oregon	42
The Atticus Hotel*	36
3rd Street Flats Bed and Breakfast	11
Youngberg Hill Bed and Breakfast	8
A Tuscan Estate Bed and Breakfast	6
Joseph Mattey House Bed and Breakfast	4
A Park House	3
Total	**422**

** Under Construction*

Sources: STR, Hotel Websites, and Johnson Consulting

The inventory of hotel rooms is primarily comprised of limited service properties (no dinning, meeting room or spa), with a few notable exceptions of the McMenamins Hotel Oregon and the under-construction Atticus Hotel which offer or will offer dining and bar options. These two properties offer a preview of what the market potential holds for McMinnville by leveraging their location on 3rd Street and the high quality international vineyard offerings. As the wine industry and tourism sectors grow, there will be even more demand for higher quality lodging. Airbnb is also satisfying some of the demand for additional lodging. At the time of this report, there are 160 rentals that offer the rental of the entire home and 74 rentals that offer a private room.

When considering the development of a conference center facility the room supply is a critical component of the decision-making process for event planners since a lot of meeting and conference events are multiday and require lodging. With the current supply of lodging options, McMinnville would be challenged to support a conference center that would need a room block of 100 or more without using multiple hotels. If the project is developed with a dedicated hotel or additional hotel development occurs before it opens, McMinnville would have a better opportunity to support a meeting facility.

LOCAL AND REGIONAL FACILITIES

There are very few dedicated meeting facilities in McMinnville. However, there is one existing event center and one proposed sports complex in the preliminary phases of development. These are:

- **EVERGREEN AVIATION AND SPACE MUSEUM AND FALLS EVENT CENTER– MCMINNVILLE, OREGON:** Located in the eastern portion of McMinnville, across the highway from the McMinnville Municipal Airport and next to the Evergreen Aviation and Space Museum, the Falls Event Center opened in March of 2017. Used mostly for weddings and receptions, the main lodge has 5,500 square feet of rental space including a main event hall and a conference room feet along with a separate main lodge that functions as 3,456 square feet of ballroom space. Popular exhibits at the space museum include the Spruce Goose Flying Boat, World War II planes, Titan II Missile, and the SR-71 Blackbird. The museum also holds events with the maximum indoor capacity of 3,000 and is used for ceremonies, wedding receptions, special events and business functions. The Falls Event Center also includes an event center located above the Space Museum that offers a main hall, conference room, board room, game room and bridal suite. Directly adjacent to event center is the Wings & Waves Waterpark which was acquired on January 1st, 2017. Wings & Waves was built in 2001 and has slides, a wave pool, play areas and multiple leisure pools.

- **PROPOSED CHAMPIONS CENTER– MCMINNVILLE, OREGON:** The Champions Center is a project headed by the "See Ya Later" foundation which has plans to build a very large sports complex. Outdoor facilities would include two football size fields, two baseball fields, and outdoor amphitheater. Inside the Champions Center will be a great hall for events, family center, coffee house, meeting rooms, a music room, technology center, mentoring rooms and a place for prayer. Other indoor facilities will include a state of the art fitness center, four full court basketball gyms and a turf field house. Twenty acres of land were donated by a local family to make the facility possible and the See Ya Later foundation plans to embark on a major capital campaign to raise money and support for the construction of this center.

- **YAMHILL COUNTY FAIRGROUNDS:** Fairgrounds is located immediately outside of downtown and is close to the Granary District. The fairgrounds have many different horse shows, rodeos, team penning, trade shows, meetings, banquets, receptions for groups and individuals. The facilities are rented year-round and attract about 45,000 interim use visitors. Fair attendance has reached over 45,000, over and above the interim users. Facilities include:

- Leslie Lewis Pavilion - an 8,000-square foot building with kitchen facilities (both a commercial kitchen and a prep kitchen) It can accommodate up to 300 for banquets and up to 375 for conference audiences.
- Delashmutt Arena is a 100'x200' indoor lit arena with announcer/sound nest, with seating for 1,000, restrooms, conference rooms and a concession stand we host many horse shows and youth events year-round.
- Drader Arena is a covered outdoor warm-up arena adjacent to Delashmutt. It is 100'x100' and may be rented separately. There is bleacher seating for 72.
- Whitman Arena, is a 140'x 285' seasonal outdoor arena, is home to the Yamhill County Rodeo. The bleacher seating accommodates up to 4,000 and includes an elevated announcer's booth. The following table shows regional competitive facilities, as identified by Johnson Consulting.

▪ **AREA WINERIES AND HOTELS:** A number of the wineries and hotels in the McMinnville area offer function spaces for tasting events, banquets and weddings. These are all on the smaller scale of size and are key facilities are summarized later in this section.

An important consideration when evaluating the market opportunity for the proposed facility, it is important to look at the existing supply of regional facilities. Listed in the table on the following page, is a summary of facilities that we believe the McMinnville Conference Center will most likely be in competition with.

Table 3-9

Regional Competitive Facilities (2017)**								
Facility	**Location**	**Distance from McMinnville (miles)**	**Year Built / Renovated***	**Exhibit (SF)**	**Ballroom (SF)**	**Meeting Space (SF)**	**Total Leasable SF**	**Ratio of Exhibit to Meeting Space**
Doubletree by Hilton Portland	Portland	51	1982 / 2011	17,239	20,822	6,614	**44,675**	**0.2**
RiverHouse Hotel	Bend	157	1974 / 2016	13,676	16,552	5,516	**35,744**	**0.2**
Red Lion on the River	Portland	51	1965 / 1998	-	19,080	10,513	**29,593**	**0.6**
Salem Oregon Convention Center	Salem	26	2005	-	20,094	3,240	**23,334**	**0.2**
Sunriver Resort	Sunriver	173	1969 / 1993	-	12,210	11,002	**23,212**	**0.9**
Hilton Eugene	Eugene	93	1982 / 2011	11,760	3,672	7,280	**22,712**	**0.5**
Seaside Civic and Convention Center	Seaside	89	1971 / 1991	10,500	4,800	6,170	**21,470**	**0.4**
The Allison Inn and Spa	Newberg	14	2009	-	4,500	7,920	**12,420**	**1.8**
Salishan Spa and Golf Resort	Gleneden Beach	58	1965 / 2013	-	4,126	6,774	**10,900**	**1.6**
Falls Event Center	McMinnville	0	2017	3,276	3,456	1,357	**8,089**	**0.2**
Domaine Serene Winery Event Center	Dayton	7	2001	-	3,392	2,328	**5,720**	**0.0**
Chehalem Cultural Center	Newberg	14	2010	-	5,200	-	**5,200**	**0,0**

** Most recent renovation*

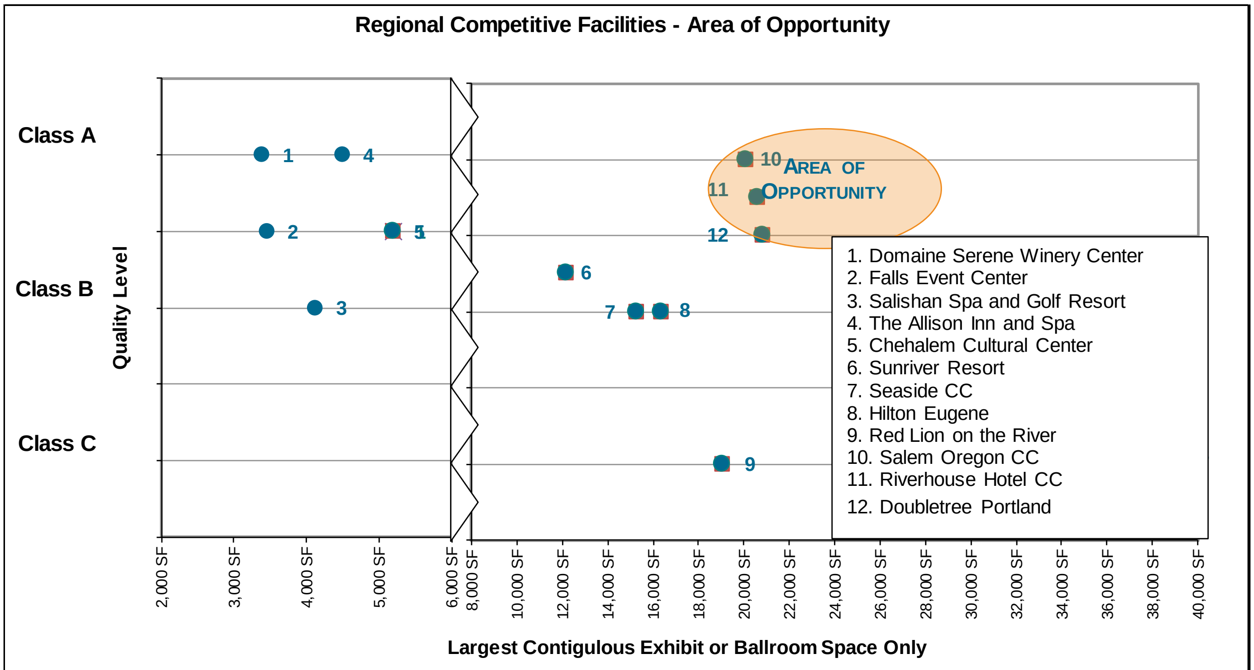
***Over 5,000 SF and less than 50,000 SF*

Source: Relevant Facilities, Johnson Consulting

As shown, the largest competitive facility in the region is the Doubletree by Hilton Portland, comprising 44,675 square feet of leasable space, including 17,239 square feet of exhibit space, 20,822 square feet of ballroom space, and 6,614 square space of meeting space. Geographically, for facilities of larger scale, the Salem Convention Center is the closest to McMinnville, with the second closest facilities being the Red Lion on the River and Doubletree by Hilton in Portland. In the proximate McMinnville market, the Allison Inn and Spa, Domaine Serene Winery Event Center, and Chehalem Cultural Center are the closest to McMinnville but given their smaller space offering, they are not in the size category of what is being considered for the proposed

McMinnville Conference Center. The figure below plots the existing inventory of facilities and identifies the area of opportunity for facilities in McMinnville.

Figure 3-2



Source: Johnson Consulting

As the figure indicates, the venues that are present in the McMinnville market are mostly smaller when evaluating the largest contiguous exhibit and ballroom space. As you scale up in size of the largest space there is an opportunity to provide alternative event facilities for the Salem Convention Center, the Riverhouse Hotel, and the Doubletree Portland.

TOURISM OPPORTUNITIES

The City of McMinnville is ideally situated within the Willamette Valley to benefit from the growing Oregon tourism industry. The surrounding wineries, proximity to Portland, lack of competitive event space and direct route to the Oregon Coast make it not only an ideal location for people to spend the night, but also hold events.

Although the Salem Convention Center is virtually the same distance from Portland International Airport as McMinnville is, the locations couldn't be more different. Salem, the state capital, is a larger industrial city along I-5, on the way to Eugene, while McMinnville is a small, quaint city with a vibrant downtown at the base of the Coastal Range. Potential customers might be willing to drive the same distance from the Portland Airport, or drive the extra 30 minutes from Salem if their event is held in a beautiful and interesting location such as McMinnville. McMinnville would certainly appeal to the corporate market.

According to a 2015 study done by Travel Oregon, the Willamette Valley is not currently a destination for conferences or trade shows. The table below details what overnight visitors to the Willamette Valley typically spend their time doing.

Table 3-10

2015 Overnight Activites in the Willamette Valley	
Activity	**Percent**
Shopping	29%
Hiking/Backpacking	27%
Fine Dining	22%
Camping	21%
National/State Park	20%
Landmark/Historic Site	20%
Beach/Waterfront	20%
Swimming	17%
Winery	16%
Fishing	13%
Brewery	11%
Casino	11%
Museum	10%
Fair/Exhibition/Festival	10%
Bar/Disco	8%
Art Gallery	8%
Biking	7%
Theatre	6%
Pro/College Sports	6%
Spectator at Amateur/Youth Sports	6%
Attended/Participated in Kids Sports	5%
Rock/Pop Concert	5%
Participated in Adults Sports Event	5%
Spa	5%
Theme Park	5%
Boating/Sailing	4%
Golf	4%
Dance	4%
Zoo	4%
Rafting	3%
Conference/Convention	2%
Trade Show	1%

Sources: Longwoods Travel USA, Travel Oregon

As can be seen from the table above, only 1-2% of visitors attend conferences/conventions or trade shows. Ten percent of visitors are going to a Fairs/Exhibitions/Festivals. While the Willamette Valley isn't currently a tourism event destination, a new facility such as one in McMinnville could capture some of the consumer spending already present, and grow the overall GDP of the Willamette Valley tourism industry. As demonstrated by the table below, this market has increased consistently over the past few years, and will most likely continue to grow at its current pace.

Table 3-11

Willamette Valley, Oregon
Overnight Spending in the Willamette Valley Region by Sector *

Expense	2011	2013	2015
Restaurant Food & Beverages	$153	$166	$189
Retail	$115	$124	$135
Transportation	$88	$95	$109
Recreation	$50	$53	$62
Lodging	$178	$183	$211
Total	**$584**	**$621**	**$706**

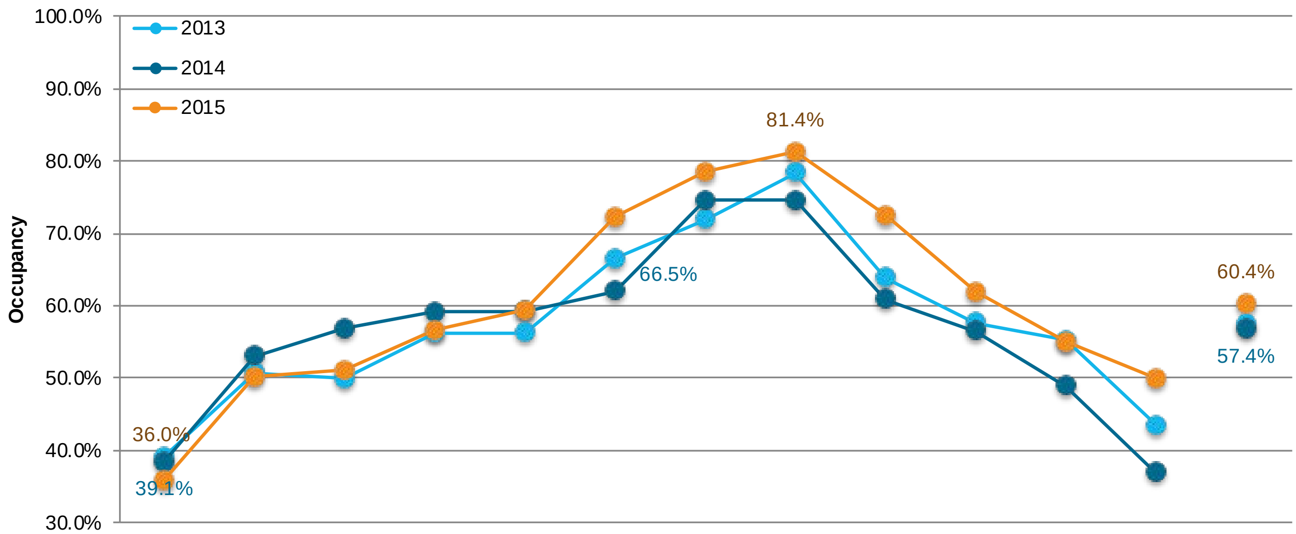
** Numbers are in million dollars*

Sources: Longwoods Travel USA, Travel Oregon

Capturing this demand could result in a significant boost to not only the City of McMinnville, but also Yamhill County during the non-peak tourism months. As the Figure 3-3 illustrates, the meeting industry currently sees most of its activity during the fall and summer months. The proposed center in McMinnville could help fill hotel rooms during those non-peak months, and bring in more revenue to the downtown.

Figure 3-3

McMinnville, Oregon
Monthly Occupancy



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2013	39.1%	50.7%	49.9%	56.2%	56.2%	66.5%	71.9%	78.3%	63.8%	57.6%	55.2%	43.5%	57.4%
2014	38.4%	53.0%	56.8%	59.1%	59.2%	62.0%	74.6%	74.5%	60.9%	56.5%	48.9%	36.9%	56.7%
2015	36.0%	50.1%	51.2%	56.6%	59.5%	72.4%	78.5%	81.4%	72.5%	61.9%	55.0%	49.9%	60.4%

Source: Smith Travel Research, Visit McMinnville

CONCLUSIONS

The City of McMinnville is small. However, being the "Heart of Oregon Wine Country" makes it a destination location for vacations every year. One of the biggest issues that McMinnville currently faces is the lack of visitation during non-peak tourism months. Most, if not all, of its visitors want to come during harvest season (August to October). McMinnville needs to develop in a way which will make visitors want to come in the off months (November to July).

The McMinnville market has not achieved its full potential. The City has a truly unique amenity within the world stage. The Air Museum is a substantial attraction as well. It is important to help complement the 220+ wineries and leverage them to draw tourists during the slower months of November to July. The challenges in doing this need to be addressed. The overall area can contribute to this by targeting sporting events and conferences, expanding its hotel supply, adding more retail, and using the lure of its wine country location to draw in visitors.

SECTION 4

INDUSTRY TRENDS

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INDUSTRY TRENDS

To understand the long-term market demand for public assembly facilities, an analysis of entertainment, social event, indoor sports and meeting industry trends is important. This section provides a general overview of the types of meeting facilities that exist in the industry, as well as the types of events that are commonly hosted. Also discussed are the general requirements that meeting planners look for in a prospective location, as well as an overview of current and likely future market trends, focusing on the impact of broader economic conditions on the meetings and events industry. Data from several sources have been used in preparation of this section including the Center for Exhibition Industry Research (CEIR) Index and Census Reports, which utilizes: net square feet (NSF) sold, number of exhibitors, number of attendees, and real revenues of venues with more than 3,000 square feet of exhibit space and 10 or more exhibitors.

RECENT TRENDS IN MEETING AND EXHIBITION SPACE

The meetings industry has experienced sporadic growth over the last 17 years, dipping slightly in the early 2000s, before experiencing a significant period of growth, followed by another wave of decline reflecting the recession and the negative publicity related to hosting meetings in upscale and resort destinations. The impact of the recession on the global meetings industry was widespread – new hotel and meeting facility construction was delayed, and in many cases abandoned, corporations and associations dramatically reduced their meetings and events budgets, attendance levels fell sharply, and negative perceptions of the value of face-to-face meetings prevailed across governments, media and the public. Since the end of the recession in 2009, there has been an increase in facility development, additional hotel supply added to inventory, and event demand and attendance has returned to prerecession levels.

There are drawbacks accompanied with the growing convention and meeting industry and a strong economy. With a strengthening economy, the demand for hotel rooms is also increasing at an accelerated rate. This new demand drives the prices of hotel rooms and deters potential attendees, due to cost and weakens the negotiating ability of associations to reserve room blocks at discounted rates. Despite the expansion of the meeting and convention industry, association's budgets for meetings and conventions is growing at a slower rate than the growth in attendees and exhibitors for events. This creates a constraint for organizations to provide the same quality of event experience per each attendee and exhibitor, while the cost of attending the event is increasing and their budget remains flat. These factors should be considered when assessing the growing meeting and convention industry.

From 2014 to 2015, the exhibition market experienced growth in the four-main metrics used to assess the industry. Space sold increased from 285 million net square feet to 294 million NSF. The exhibition market continued this growth in 2016, but at a more modest increase to 300 million net square feet sold.

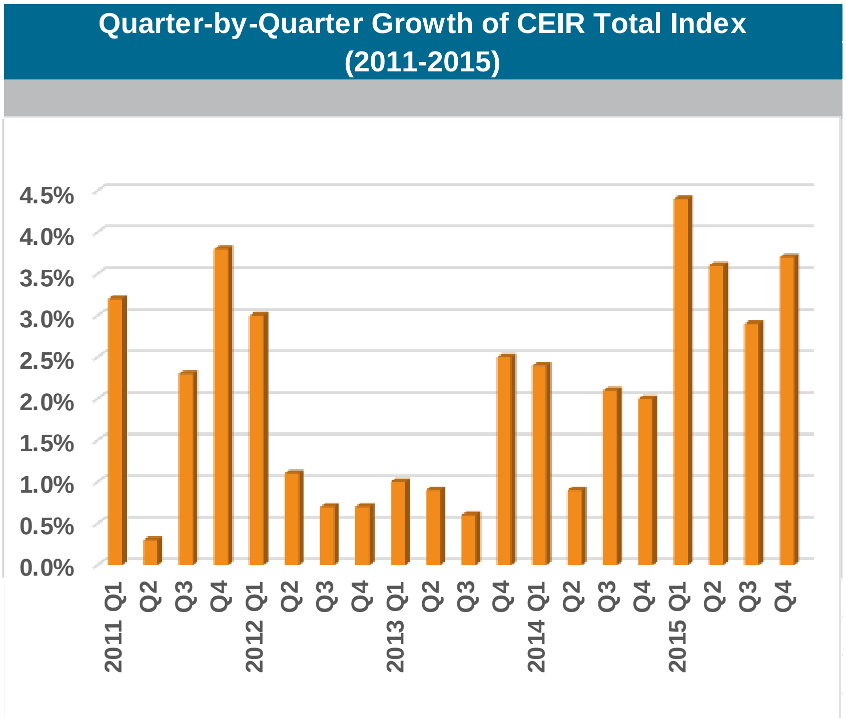
Table 4-1

Exhibition Space Overview 2014-2016			
	Industry Total		
Metric	2014 Actual	2015 Actual	2016 Forecast
Net Square Feet (million)	285	294	300
Attendees (million)	32.5	33.4	34.1
Exhibitors (million)	1.30	1.33	1.36
Real Revenues (2014 $)	$9.3 billion	$9.8 billion	$10.2 billion

Sources: 2016 CEIR Index Report

Since 2012, the exhibition and meeting space industries have been steadily recovering. In Q1 2015, the exhibition industry witnessed a 4.4 percent growth in the CEIR Total Index, which is calculated by taking the geometric weighted average of the changes in net square feet sold (NSF), exhibitors, attendees, and real revenue. This growth was the highest amount experienced by the exhibition industry in the last five years and was followed by three consecutive quarters of 2.5 percent or higher growth, although in 2016 this growth increased by a modest 1.2 percent, 1.1 percentage points lower than in 2015. Nonetheless, three of four metrics increased in 2016, including, net square feet, real revenues, and exhibitors. Attendance levels were flat largely due to declines in the Raw Materials and Science exhibition attendees sector.

Figure 4-1



Sources: 2016 CEIR Index Report, Johnson Consulting

From a venue competition perspective, established destinations are expanding and planning for the future based on an increasingly competitive environment of facilities and destinations, and to reflect need for more meeting space and better technology. Exhibit hall-based events have been lighter and easier to build, in part due to an increased focus on education/training, particularly in medical and health care sectors. Demographics of show attendees are aging and focus is shifting to engaging younger generations. Flexibility of space is emerging as a key differentiator in meeting planner selection criteria, including ability to incorporate latest technology into room capabilities, providing a variety of presenting and learning formats that engage both young and maturing audiences/participants over an increasingly shorter run of the event. The key is to provide a unique, customizable, and engaging destination experience around and during the run of the event. Event planners are also demanding quality hotel supply, competitive rates, and room blocks at as few hotels as possible.

Convention and exhibition venues are critical pieces of community infrastructure and face-to-face exchanges that occur at these conventions and tradeshows is one of the most efficient ways of matching buyers with sellers, providing industry specific education, and causing positive economic impacts on the host communities.

TYPES OF FACILITIES

Each specific event type has unique facility needs. Certain events require large amounts of contiguous space (exhibitions and conventions), while others require many smaller meeting rooms (conferences and seminars). Often a single meeting will use many different types of spaces, such as large exhibit halls, banquet facilities, breakout meeting rooms, and theater seating. As societies mature and become more sophisticated, so too does the meetings market. The diverse nature of the meetings industry, and the characteristics of various event types, necessitates a variety of alternative facilities.

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 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.

- **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 with 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 several 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.

TYPES OF EVENTS

As outlined above, the events industry is comprised of various types of events, including:

- **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 several concurrent meetings during the event period, and are increasingly featuring exhibits to communicate ideas. These types of conventions are known as "conventions with exhibits."

  The term "convention" is generally used in North America, and "congress" is used in Europe, and sometimes in Asia, to describe the same type of events. However, conventions typically use more exposition space and have a more social nature than congresses, but this distinction is narrowing as congresses are becoming more like North American-style conventions.

  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 Trade Shows:** 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 many 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.

Temporary exposition events are increasing the number of meetings held during an exhibition to educate buyers about products, and as a result, are becoming more like "conventions with exhibits" (see previous point). However, in comparison to more formal conventions with exhibits, temporary expositions tend to maintain higher attendance figures, but a shorter average length of stay for attendees.

The following table displays the most frequent event categories for conventions with exhibits and trade shows.

Table 4-2

Top Event Categories - Conventions with Exhibits & Trade Shows		
Aerospace & Aviation	Energy & Mining	Police & Fire Fighters
Agriculture & Farming	Facilities, Engineering & Maintenance	Printing & Graphics
Apparel & Fashion	Food & Beverage	Radio, TV & Cable
Art & Architecture	Forest Products	Religious
Associations	Funeral Industry	Safety & Security
Building & Construction	Government	Sanitation & Waste Management
Business & Finance	Home & Garden Furnishings & Supplies	Science
Chemicals	Libraries	Stores & Store Fittings
Communications	Manufacturing & Industrial	Textiles
Computers & Computer Applications	Medical & Health Care	Transportation
Education	Military	Travel Industry
Electrical & Electronics	Ocean Supplies & Equipment	Veterinary

Sources: Red7 Media

- **Assemblies:** These are largely association, fraternal, or religious events that require a large plenary hall, arena, or stadium. Like 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 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 public is usually allowed to enter. Show promoters, however, discourage public attendance, as the primary intent of the exhibition is to promote wholesale trade. Permanent expositions use three types of product promotions:

  - **Sample Showcases:** These are small advertising displays of various new products. While company representatives do not staff the permanent facility of the showcase, personnel are usually available to provide buyers with information regarding the companies and their products.

  - **Export Marts:** These are facilities with staffed booths displaying domestic manufactured products. Export marts are typically arranged by industries and are meant to be one-stop-shops for prospective domestic and international buyers. The display areas are typically 200 to 600 square feet in size and are staffed with three to five people. In industries, such as fashion, where seasonal sales patterns occur, booths are only staffed during peak sales periods, even though annual rents are collected for the space.

- **Import Marts:** Foreign manufacturers use these to display their products to domestic buyers. Like export marts, they are typically arranged by industries, are 200 to 600 square feet in size, and are sometimes staffed (only during buying seasons). Often, trade associations representing mart tenants sponsor temporary expositions, thereby creating a regional draw for the mart. If significant exposition space is provided, these events can become the dominant industry event in the country or region.

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 most 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 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.

- **Government:** All levels of government hold meetings for education, discussion of issues, and policy deliberation. In many countries, governments also create and sponsor trade shows 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.

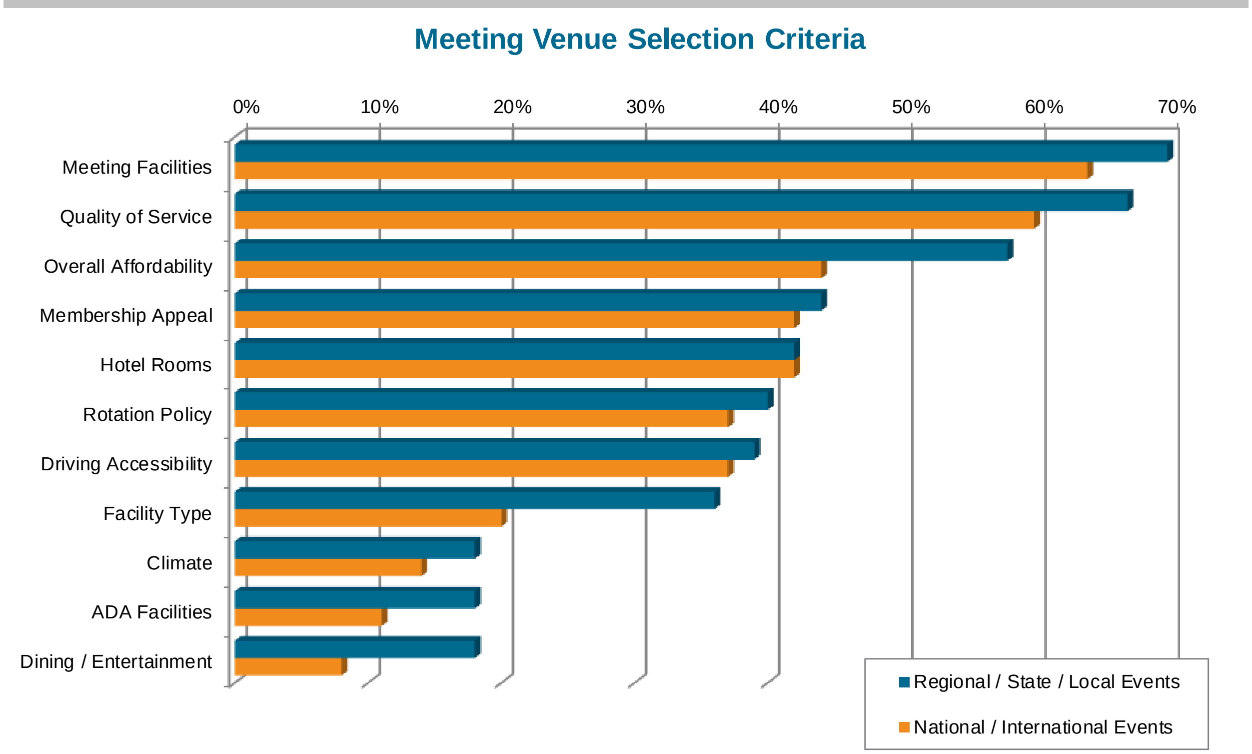
- **Social, Military, Education, Religious, Fraternal, and Ethnic (SMERFE) Organizations:** These organizations typically sponsor convention or assembly events that are not always business-related and tend to be geared more towards social networking and discussion of issues.

MEETING PLANNER SELECTION CRITERIA

The American Society of Association Executives (ASAE) is a membership organization of more than 22,000 association executives in 50 countries throughout the world. The organization regularly surveys its membership of association executives regarding their criteria for selecting a convention center destination. These executives are responsible for selecting destination(s) for a variety of events, ranging from small meetings to large exhibitions. The following figure illustrates the average responses of members who placed events in convention centers, including both regional and local events, as well as national and international events.

Figure 4-2

Meeting Venue Selection Criteria



Source: ASAE, Johnson Consulting

The survey respondents gave a high-level of importance to the following criteria when selecting a convention center for either a regional, state or local event, or a national or international event:

- Availability and size of meeting facilities,
- Quality of service,
- Overall affordability,
- Membership appeal, and
- Availability of hotel rooms.

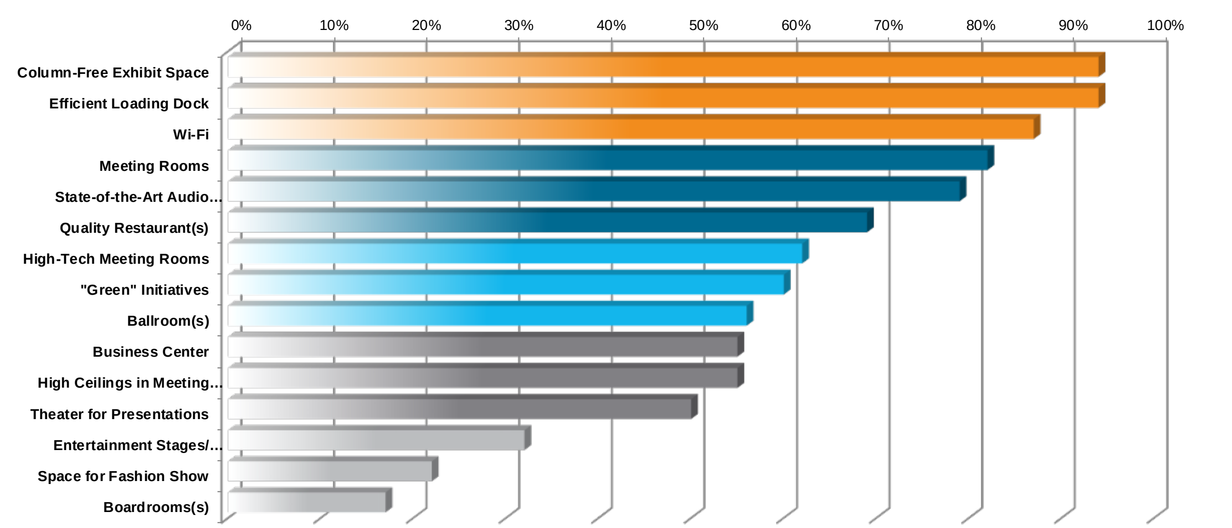
Meeting planners considered climate, ADA facilities, and dinning/entertainment options as least important when selecting a venue. A competitive advantage for cities is gained by having an established and effective tourism and hospitality industry that provides event producers and attendees with high quality experiences and encourages interest in returning for subsequent events and meetings.

EXHIBIT SPACE REQUIREMENTS

The following figure presents the importance of various specifications and amenities of event space to convention and exhibition producers based upon data from a recent American Society of Association Executives study. As shown, the most important factors relate to column-free exhibit space (94 percent of respondents), efficient loading dock facilities (94 percent), Wi-Fi (87 percent), meeting rooms (82 percent), state-of-the-art audio-visual capabilities (79 percent), and quality restaurants (69 percent).

Figure 4-15

Importance of Various Convention Center Specifications & Amenities to Convention & Exhibition Producers



Sources: ASAE, Johnson Consulting

SEASONALITY

Meetings occur throughout the year. However, just as the number of people taking vacations displays distinct seasonal patterns, so does the level of meeting activity vary from month-to-month. Since 2000, the first and fourth quarters have generally seen the most stable growth. Second and third quarters saw contraction during the beginning of the decade but growth in the past several years, with demand fluctuating much more during the second and third quarters as opposed to the first and fourth.

LENGTH

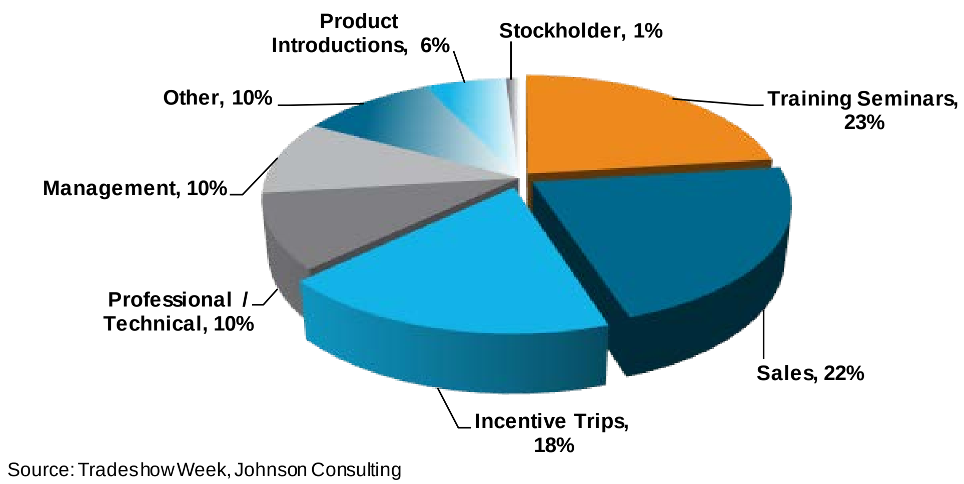
The average length of events recorded by the Union of International Associates (UIA) is four days. The increasing trend in meeting events is to concentrate activities into a shorter period. However, the UIA's criterion of a minimum of three days causes its data to exclude a growing number of shorter meeting events from its analysis.

PURPOSE OF EVENTS

Corporate activity is responsible for a large share of overall meeting events, with demand often being generated from the local region, although cities and regions that are particularly attractive as destinations can attract meeting attendees from a much broader area. The following figure displays the distribution of corporate meeting types by purpose of meeting.

Figure 4-16

Purpose of Corporate Meeting Events



Sources: Tradeshow Week, Johnson Consulting

Training seminars, sales meetings, and incentive trips account for the largest share of overall meeting attendees. As shown, the meeting industry is diversified, with no single meeting type accounting for over 25 percent of overall attendees, and seven distinct categories of meetings all contributing significant volumes of attendees. This diversification helps to stabilize overall event demand, as the demand from each individual sub-sector of meeting events ebbs and flows with changes in business cycles and technology.

DECISIONS TO ATTEND CONVENTIONS AND EXHIBITIONS

The sale of conventions is not made when the convention is booked, but rather when the convention leaves, since attendees' impression will be transmitted through word of mouth. A survey, with 7,171 respondents shows what the reasons are for attendees to attend conventions, exhibitions or meetings. The results are listed below:

- **Networking Opportunities:** 84.0 percent of respondents are building their contacts,
- **Education and Staying Abreast:** 90.0 percent of respondents want to keep up with their profession or industry,
- **Destination/ Location:** 82.0 percent of respondents reportedly take destination into account when deciding whether to attend conventions or not,
- **Social Interactions:** 71.0 percent of respondents indicated a strong desire for opportunities for social interaction and discussion while attending. They recognize face-to-face interaction to be more important than social media. 83.5 percent of Millennials show more importance to networking.

ATTENDEES TO CONSUMERS

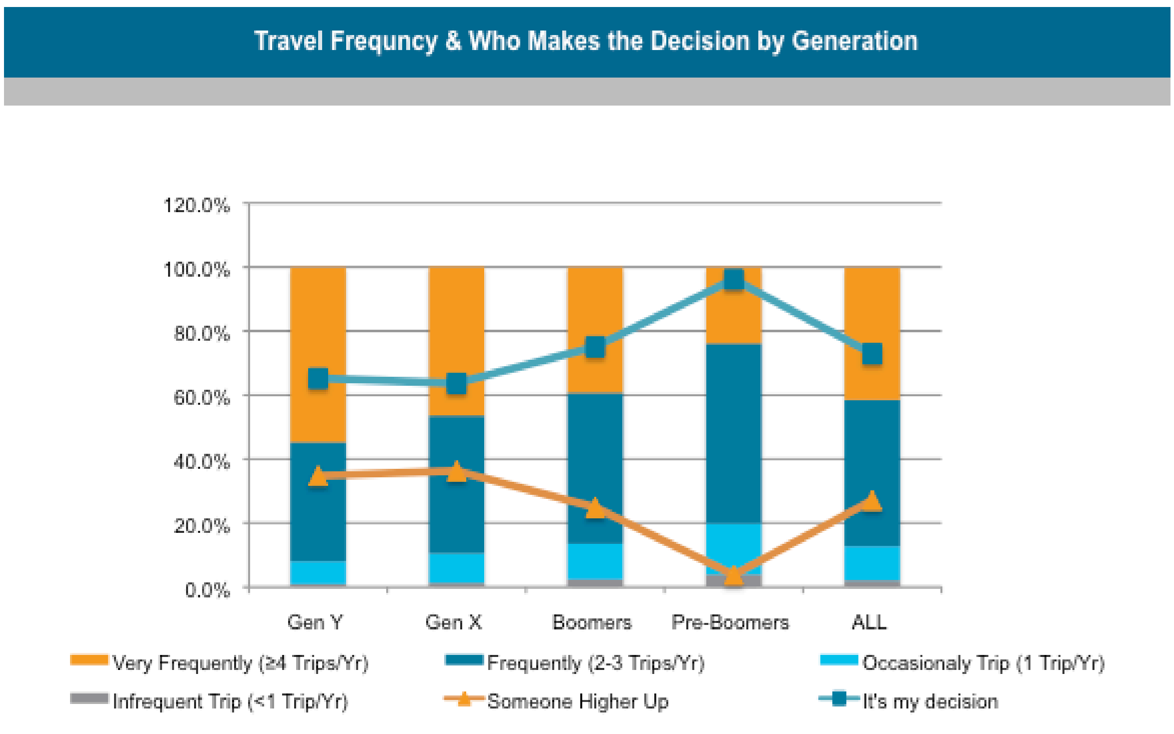
Attendees at conventions or exhibitions can be converted into consumers who also have the potential to bring others. Findings from this segment of the survey are listed below:

- **Attendees Extend Their Stay:** Over one-half signify they would extend their stay and turn their trip into a vacation. Nearly one-half will bring someone with them, which in turn is going to multiply the overall visitor spend.
- **Repeat Attendance:** Given a positive destination experience, 84.4 percent of attendees are likely to return to the same conventions, exhibitions or events at that destination, as well as three-quarters are likely to return to attend a different one. However, a negative experience would lead to only 12.5 percent of attendees to return for leisure travel.

TRAVEL FREQUENCY

The following figure shows recent trends of how frequent attendees travel to meetings, exhibitions or conventions, based on The Experience Institute Survey results obtained from 7,171 respondents. It shows that the older generations tend to take 2-3 trips per year, while the younger generations (Gen X and Gen Y/Millennials) are likely to take 4 or more trips per year.

Figure 4-22



Source: The Experience Institute, Johnson Consulting

DECISION PROCESS

Nearly three-quarters of respondents make their own decisions, while the other one-quarter are influenced by their bosses or 'higher-up'. This figure is even higher for Gen Y and Gen X at 35 percent (shown in Figure 4-10). There are also barriers to why people can't attend more often:

- **Cost:** It is rated as the highest barrier, with 61.0 percent of all respondents and higher for Gen Y and Gen X.
- **Time:** 58.1 percent of Millennials indicated it is generally difficult to find the right time to attend.
- **Location:** This barrier is higher for those who need more convincing – Occasionals (24.5 percent), Frequents (26.0 percent) and Pre-Boomers (30.6 percent).

Most of the respondents who do not always attend said that cost and destination would help convince them to attend, while less than one in ten (8.40 percent) of all respondents said 'nothing'. On-site coupons, discounts and subsidies are some of the forms of incentives that could increase the percentage of them attending more events.

Eight in ten respondents or 84.0 percent of them decide to attend 2 to 6 months prior, while 56.0 percent complete the registration process 3 to 6 months prior. Data shows that Millennials tend to register later than other registrants.

2016 NATIONAL EVENT ATTRIBUTES

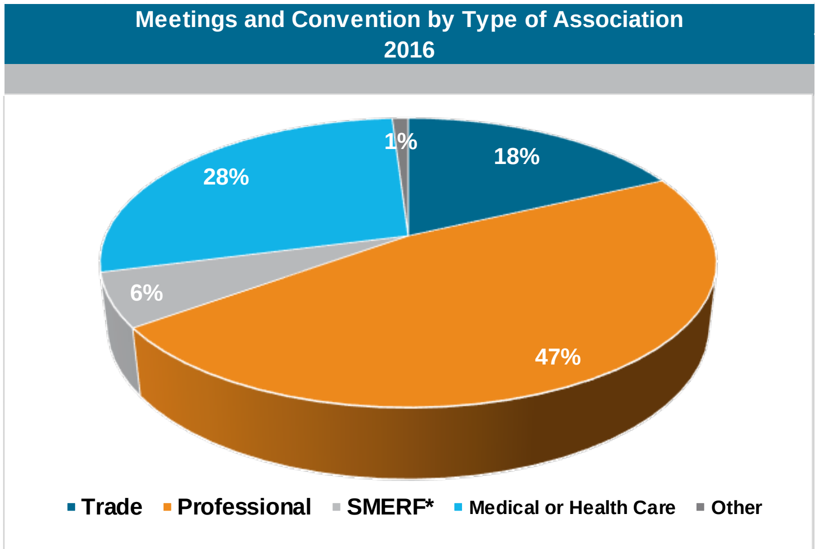
The following analysis of event attributes is based primarily upon data obtained from the 2017 Professional Convention Management Association's (PCMA) market survey for the national convention and exhibition industry. PCMA is a leading professional organization in the convention and meeting industry and have conducted its annual market research report for the last 26 years. This report has been prepared by conducting a survey of organizations, which host various types of events throughout the United States. For this year's survey, 300 usable responses were submitted with 59 percent of respondents working for an association or nonprofit organization; 20 percent work for a corporation; 10 percent are independent or self-employed; five percent work for education organizations; four percent work for association management firms; and one percent are employed by the government. Below is a general overview of findings by the survey.

In 2016, Attendance at events grew 3.6 percent from the previous year (2015 year over year growth was 5.3 percent), while exhibitors grew 4.6 percent, compared to 2.7 percent in 2015, and the average organization's convention and meeting budget grew 1.7 percent, down from 2.9 percent from the previous year. In 2017, Attendance at meetings and conventions is projected to grow at 4.9 percent, while exhibitors at meetings and conventions is projected to increase 1.5 percent from 2016 figures. 28 percent of meeting planners are expecting to hold more events in 2017, while only 3 percent expect to host fewer.

TYPES OF MEETING PLANNERS

In 2016, most events held by associations were Trade and Professionally based (47 percent). The following figure displays the various types of associations, which held events in 2016 and the volume of events held by each association type.

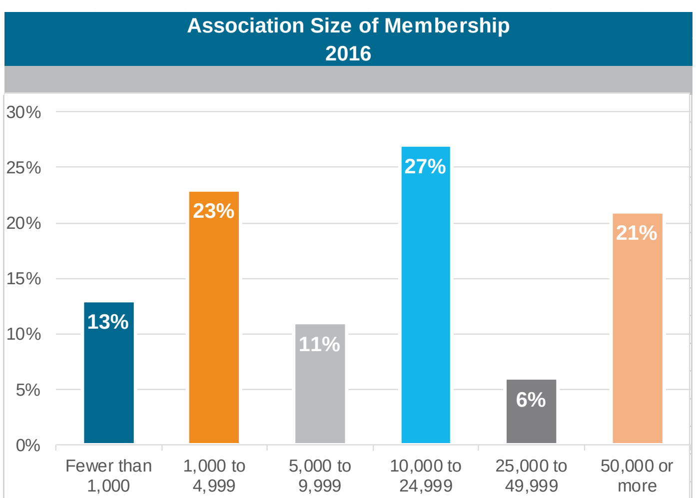
Figure 4-3



*Social, Military, Educational, Religious, Fraternal
Sources: 2016 PCMA Report, Johnson Consulting

The associations that responded to PCMA's market survey vary in type and as well as size. In 2016, 47 percent of organizations hosting events had a membership less than 10,000 members. The average membership size of associations hosting events in 2016 was 18,944.

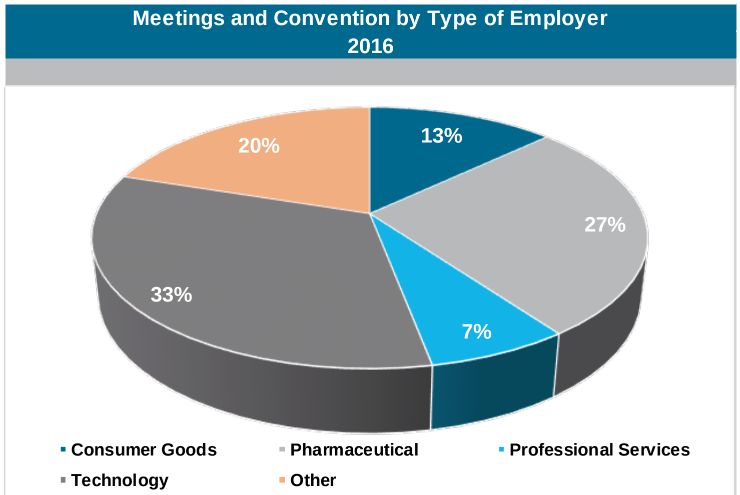
Figure 4-4



Average Association Size: 18,944
Sources: 2016 PCMA Report, Johnson Consulting

Along with associations, it is very common for corporations to host meeting and convention events. These companies are dispersed across several business sectors, with a large portion being from within technological and pharmaceutical sectors (33 percent and 27 percent, respectively).

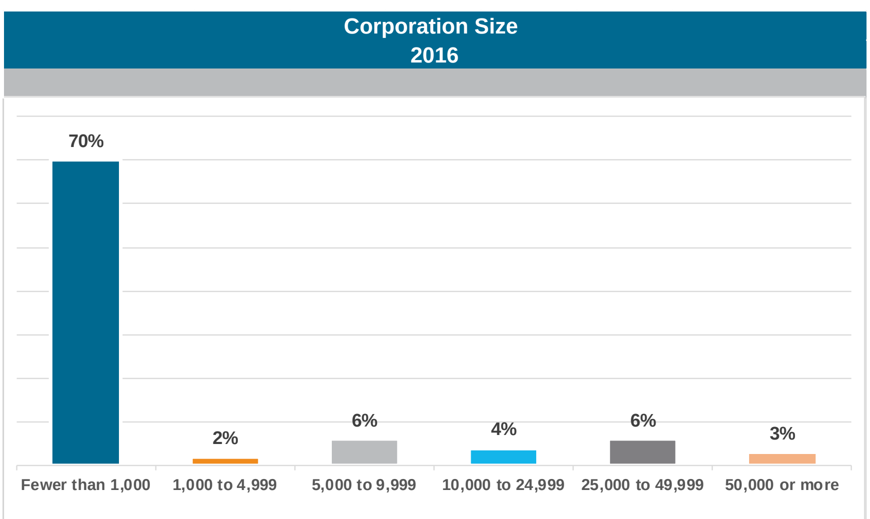
Figure 4-5



Sources: 2016 PCMA Report, Johnson Consulting

In 2016, 70 percent of the corporations, which held a meeting or convention event, had fewer than 1,000 employees. The average size of each company was 6,384 employees.

Figure 4-6

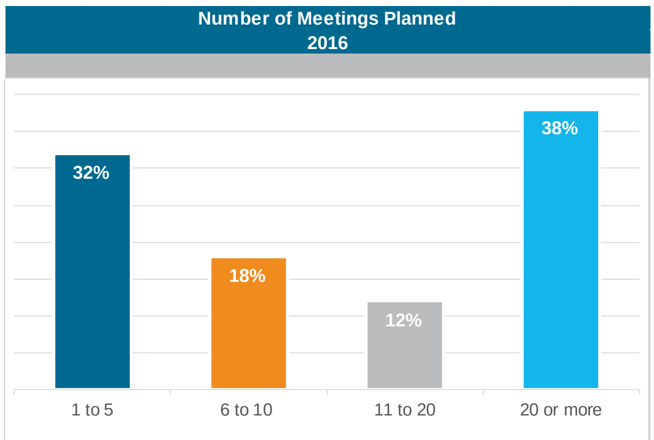


Average Company Size: 6,384
Sources: 2016 PCMA Report, Johnson Consulting

NUMBER OF EVENTS, ATTENDEES, AND EXHIBITORS

An important element to consider in terms of the appropriate size and scope of meeting facilities is the size distribution and amount of the events it will pursue. In 2016, 50 percent of organizations surveyed by PCMA planned on having 10 or fewer meetings in the year.

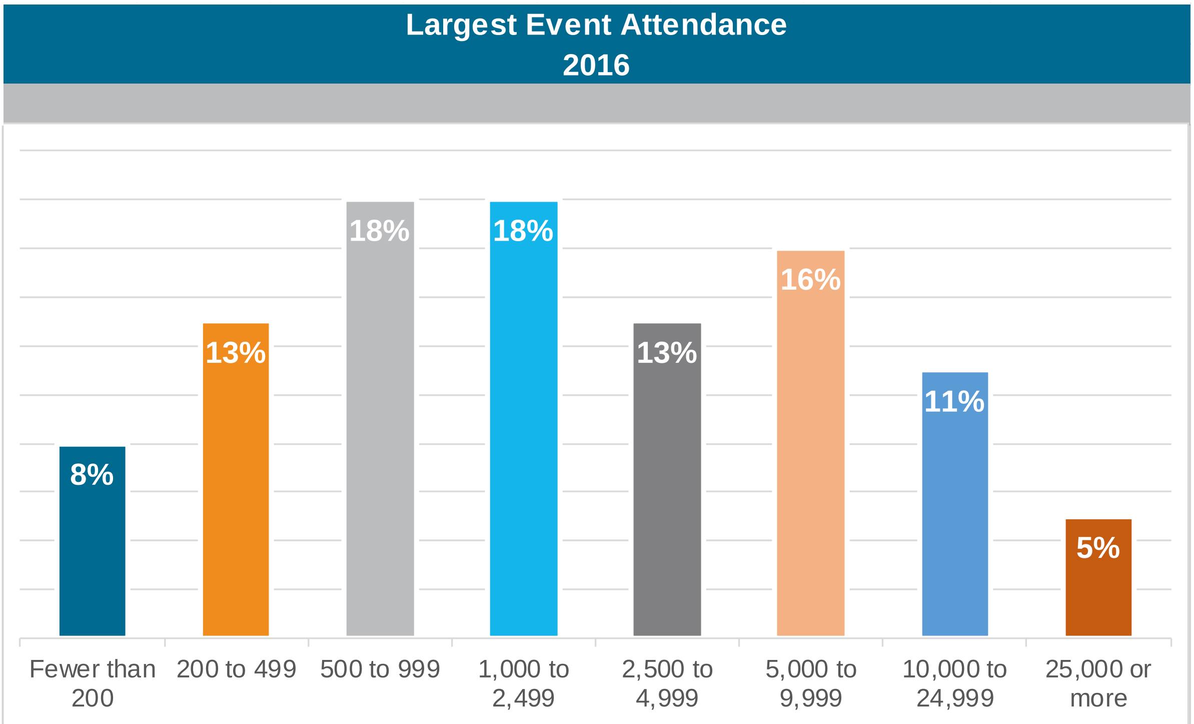
Figure 4-7



Average events per year: 12
Sources: 2016 PCMA Report, Johnson Consulting

Based on the PCMA's 2016 survey, 39 percent of respondents hosted less than 1,000 persons at their largest convention, meeting or exposition in 2016. The following figure shows the distribution of attendees based on the PCMA's survey responses.

Figure 4-8

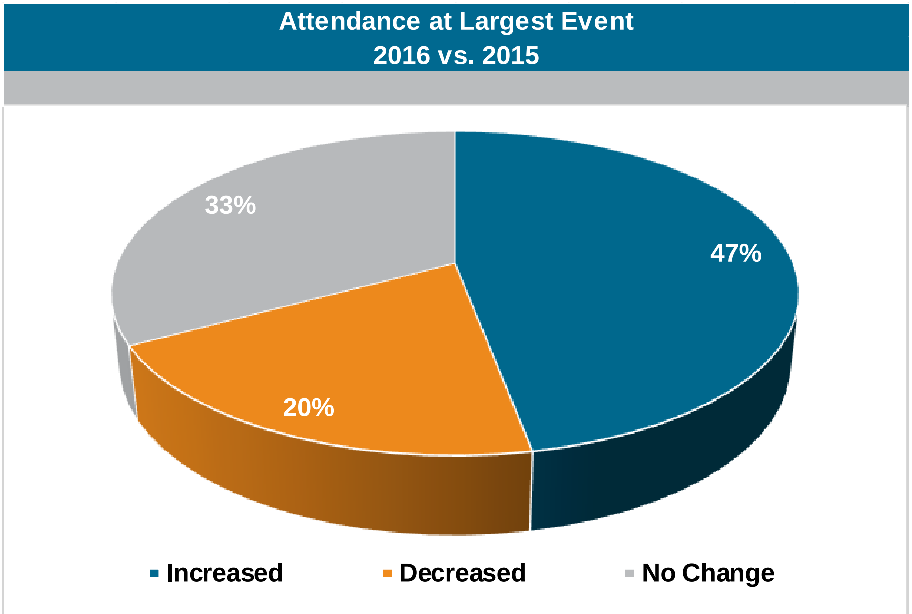


Average attendees per largest event: 5,211
Sources: 2016 PCMA Report, Johnson Consulting

In 2016, 63 percent of survey respondents held a meeting attended by 1,000 or more and the average attendance of these meetings increased to 5,211 per event.

Eighty percent of associations noted no change or an increase in attendance at their largest events.

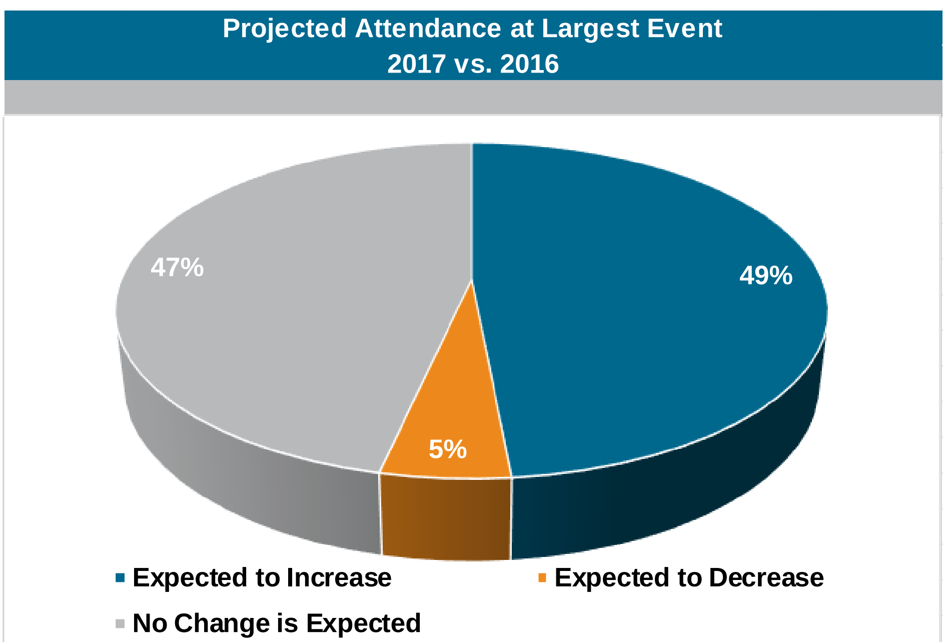
Figure 4-9



Sources: 2016 PCMA Report, Johnson Consulting

This sustainability and growth of attendance at organizations' largest events is expected to continue in 2017.

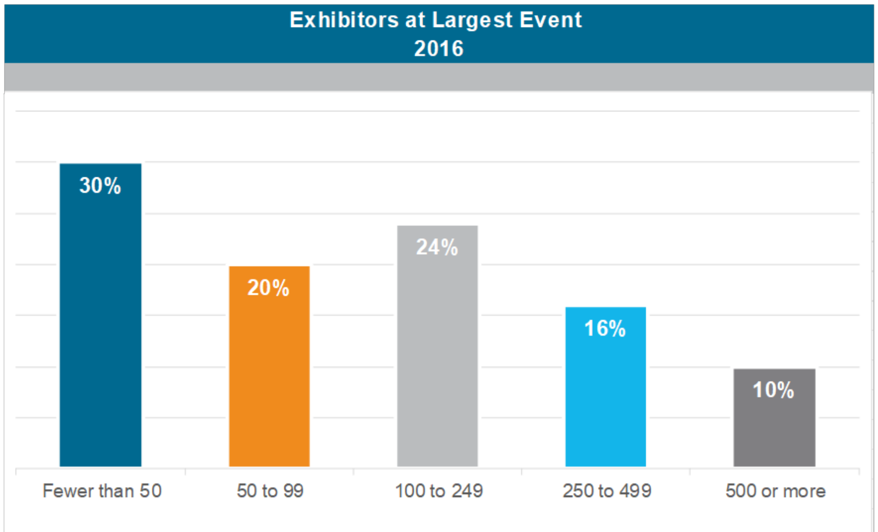
Figure 4-10



Sources: 2016 PCMA Report, Johnson Consulting

Most events held in 2016 include some exhibitor portion with 50 percent of all events having fewer than 100 exhibitors, with exhibitors at the largest annual event averaging 181 exhibitors in 2016.

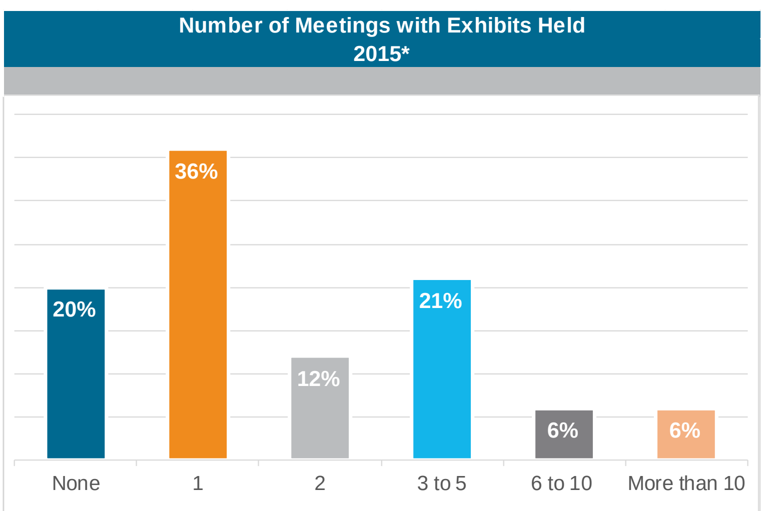
Figure 4-11



Average Exhibitors at Largest Event: 181 exhibitors
Sources: 2016 PCMA Report, Johnson Consulting

Most associations only offer a single event that includes an exhibit component, with 21 percent offering 3 to 5 and 20 percent offering none.

Figure 4-12

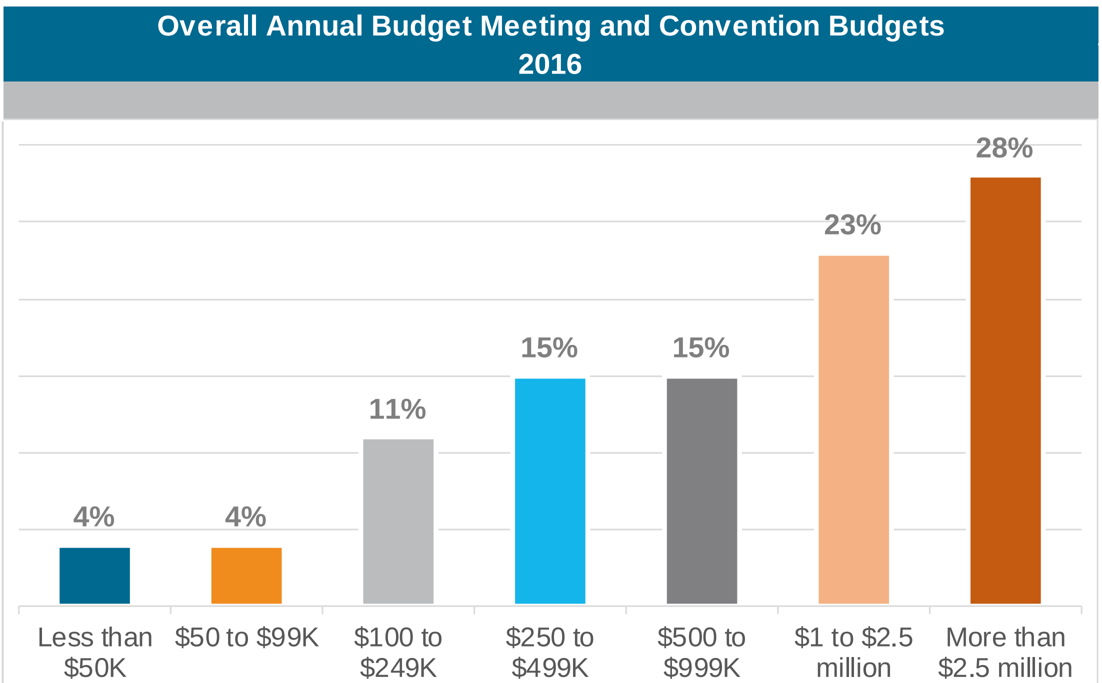


*2016 information was not available.
Average Events with Exhibits per responding Association: 2.5
Sources: 2015 PCMA Report, Johnson Consulting

CONVENTION AND MEETING BUDGET

Associations' overall budgets for meetings and conventions have been slowly growing with the recovering economy. In 2016, 66 percent of responding organizations had budgeted over $500,000 towards spending on meetings and conventions. The average budget for organizations was $1.3 million, which was consistent with the 2015 average.

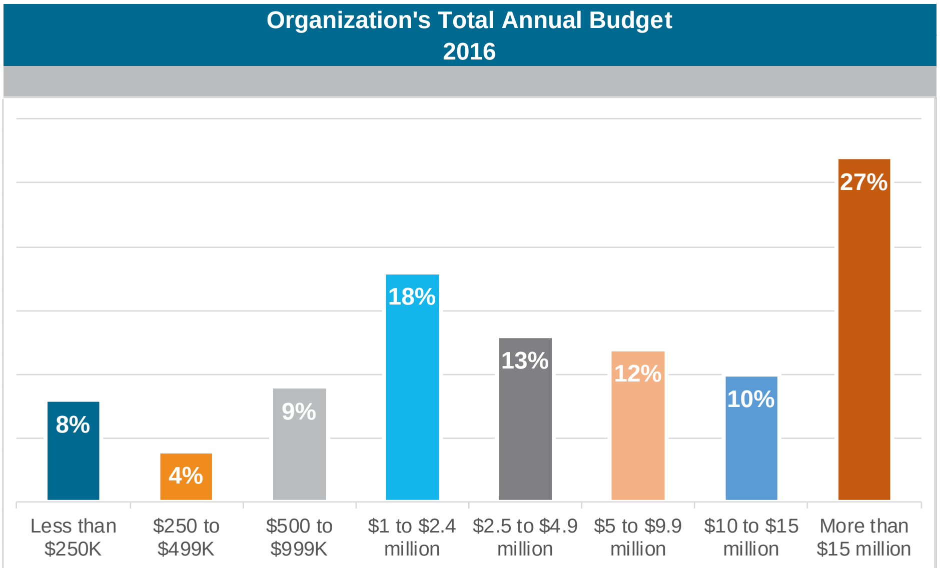
Figure 4-13



Average Meeting and Convention Budget: $1.3 million
Sources: 2016 PCMA Report, Johnson Consulting

The average meeting budget is roughly 18.6 percent of the organizations' average total annual budget, which is $7 million.

Figure 4-14

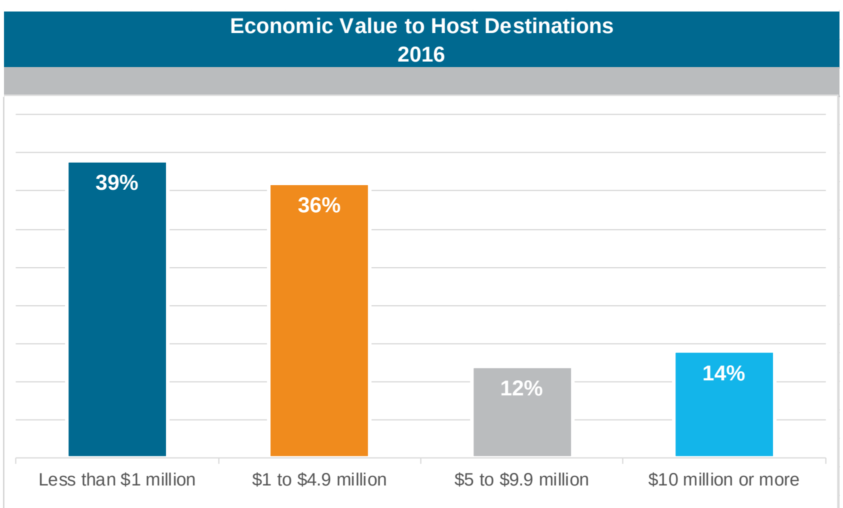


Average Organization's total annual budget: $7 million
Sources: 2016 PCMA Report, Johnson Consulting

ECONOMIC IMPACT

The PCMA's 2016 survey indicates that the average economic impact of respondents' largest convention, meeting or exposition was $3.5 million to the host destination in 2016, up from $3.4 million in 2015. The following figure shows the economic value of survey respondents' meetings to host communities in 2016.

Figure 4-17

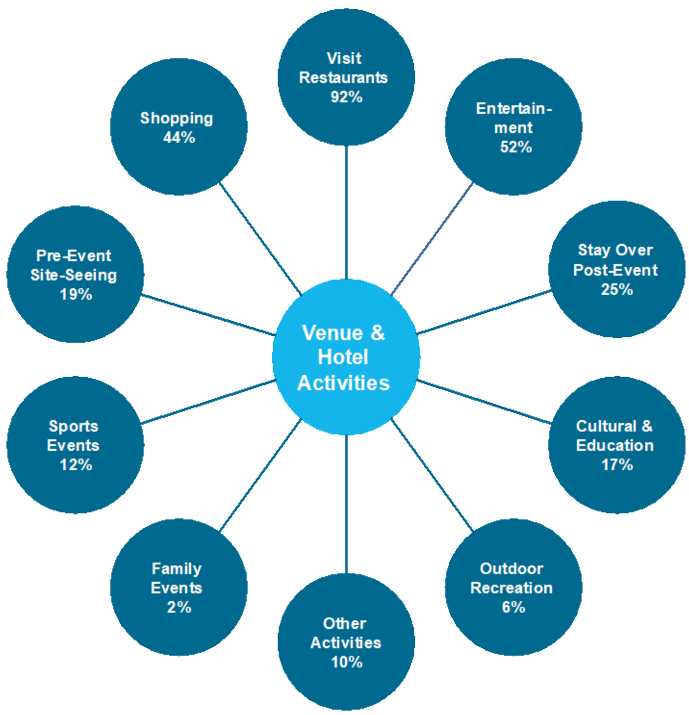


Average economic value of largest meeting: $3.5 million
Sources: 2016 PCMA Report, Johnson Consulting

Generally, association conventions generate the greatest economic impact, reflecting high levels of attendance and associated hotel, restaurant, retail and transportation spending. Exhibitors and corporate sponsors also contribute significantly to the overall impact of an event.

The following figure shows the 'Convention and Meetings Eco-System' as defined by Tradeshow Week, which identifies the activities that attendees will typically engage in outside of the convention center and hotel.

Figure 4-18

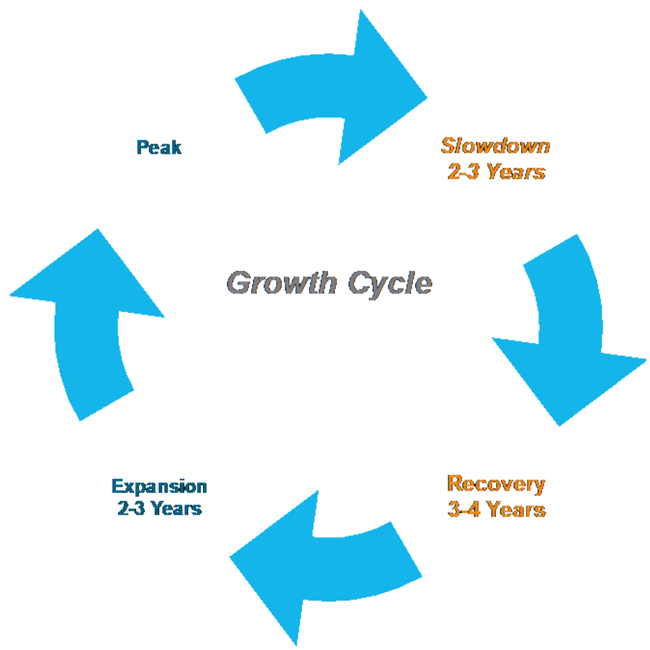


Source: TradeShow Week, Red 7 Media, Johnson Consulting

OUTLOOK

Conditions in North America's convention and meetings industry have recovered to prerecession levels and modest growth is expected to continue into the near term for attendance, but as new and expanded facilities are added to inventory, competition for existing events will increase given that the North American events industry is a relatively mature market with few new meeting and events being developed. The following figure shows the typical recovery and growth cycle experienced in the convention and meetings industry.

Figure 4-19



Source: Red 7 Media, Johnson Consulting

Key indicators of improvement in the industry include:

- **Consumer Spending:** 70 percent of business events serve markets in which consumers ultimately purchase the products and services.

- **Attendance vs. Exhibitors:** Attendance is continuing to perform better than exhibitor participation, which is a good sign.

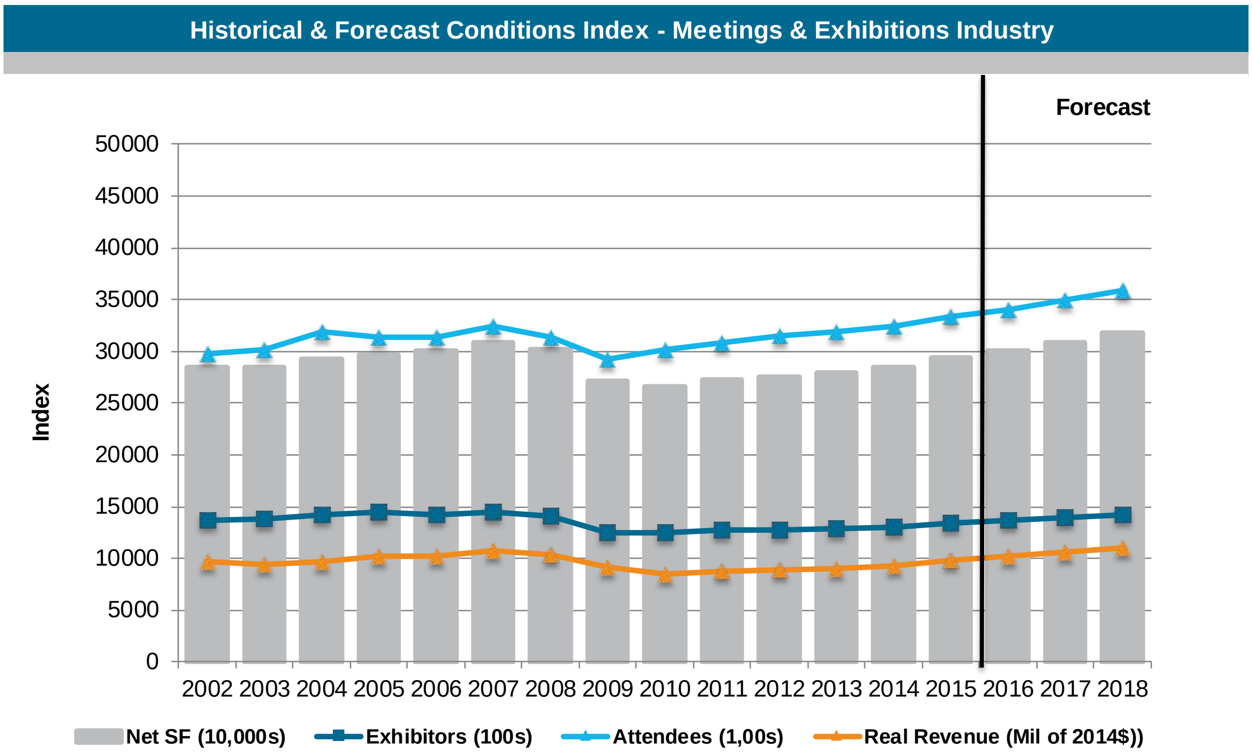
- **Budget:** Increased by 1.7 percent in 2016, per PCMA data, compared to a 2.9 percent increase in 2015 and 3.1 percent in 2014. In 2017, 58 percent of respondents expect their budget to remain the same, 33 percent expect it to increase, while the remaining 9 percent expect their budget to go down.

- **Hotel Rates:** Data from Smith Travel Research (STR) indicates that the U.S. hotel industry performed strongly in 2015, achieving peaks in supply, demand, and Average Daily Rates (ADR) since the most recent downturn. Going forward, STR anticipates that 2016 will see an increase of 5.2 percent in ADR and 6.0 percent in RevPAR.

The following figure shows recent trends in the meetings and exhibition industry, based on the Center for Exhibition Industry Research (CEIR) 2016 Index Report. The Index considers net square footage sold (NSF), number of exhibitors, number of attendees, and revenue, and shows positive momentum beginning in mid-

2009 and increasing through the 2018 forecast. The actual CEIR index from 2002 to 2015 is shown in a quarter sequence in Figure 4-21.

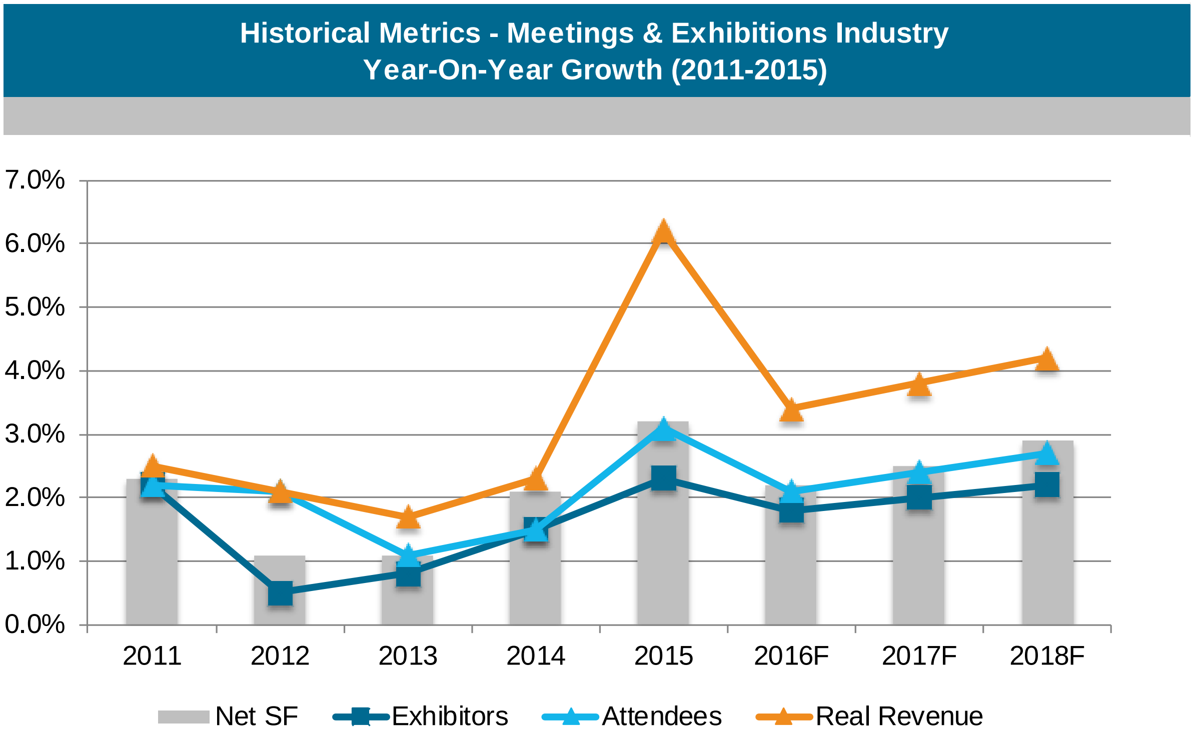
Figure 4-20



The upward trend of market indicators, along with improvement in the broader economy, denotes positive signs for North America's convention and meetings market through 2018.

Figure 4-22 below illustrates the historical metrics of the CEIR index from 2011 to 2015. These four market indicators (NSF, exhibitors, attendees, and real revenue) are all positively correlated, with exhibitors assumed to be the main driver of net square footage sold, attendees and real revenue. As noted in previous figures, the exhibition market observed relative lows in net square feet and exhibitors in 2012. Since this low point, these two metrics have trended upwards, experiencing healthy growth in 2015.

Figure 4-21



Sources: 2016 CEIR Index Report , Johnson Consulting

Although attendees and real revenue lag NSF and exhibitors, both figures have recovered since 2013 and are expected to continue to grow through 2018.

INDUSTRY TRENDS CONCLUSION

There are millions of conventions, tradeshows, and meetings happening annually throughout North America and around the world. The rationale for meetings and associations still exists and will continue to do so. While a mature industry, since 2012 the market has been gaining momentum, with most meeting planners and event organizers maintaining or increasing event levels and anticipating event attendance to remain consistent or improve going forward. McMinnville is opportunely situated to capitalize on the favorable market conditions via a medium sized facility in the heart of the Oregon wine country and its close proximity to both the State capital in Salem and the major metropolitan area of Portland.

The surrounding region's lack of adequate facilities is an opportunity for a small to medium sized facility such as the proposed McMinnville Conference Center (MCC). If the MCC's were to offer a 20,000 square foot exhibit hall/multi-purpose room, a 10,000 square foot ballroom and 10,000 square feet of meeting room space, it would have the ability to host between up to 800 to 1,000 people depending on the event configurations. According to the data presented above, 58% of events in 2016 had 2,5000 or fewer attendees, allowing over half, if not more, of the market to utilize an MCC facility. These meetings are often held by corporations or associations that wouldn't need a space larger than the proposed MCC. Among corporations that held events in 2016, 70% had less than 1,000 employees, while 36% of associations had less than 5,000 members. Assuming events don't have 100% attendance, the MCC would be able to accommodate the events of a large portion of these corporations and associations. McMinnville's target market would include Portland corporate business, agri-business trade and farm shows, state and Social, Military, Religious and Fraternal national groups and sports tourism events.

Ideally, McMinnville would then be able to convert these event trips into vacations. According to the data above, over half of attendees signify that they would extend their stay into a vacation. Among the same group, over half say they would bring someone with them. Given McMinnville's ideal location and surroundings, it is reasonable to expect attendees to stay longer, and bring a significant other who wants to experience what the Willamette Valley has to offer while their friend or partner is attending the event.

Luckily, the tourism industry and the event industry show opposite trends in term of visitor trips. As detailed in the previous section, the bulk of tourists come to McMinnville in Q3 during the months of June and September. Conversely, the event industry typically experiencing the most stable growth during Q1 and Q4; exactly when the tourists stop coming. This would not only help fill hotel rooms in the off months, but could attract more business to grow the currently deficient McMinnville hotel market.

The event attendees would not only have an impact on the hotel industry, but also on the surrounding economy. This is especially true of the restaurant industry since over 92% of event attendees in 2016 report visiting restaurants. With McMinnville already having an iconic revitalized main street full of restaurants and shops, the MCC's juxtaposition would not only help sustain its growth but also retain and expand McMinnville's businesses.

The pairing of a facility that serves the needs of a large segment of the local, regional and national event market, with trends that suggest a stable national event industry, provides an optimistic growth outlook for the MCC. Given that 84.4% of attendees are likely to return if they have a positive experience and McMinnville's picturesque location, McMinnville could see stable tourism and event industry growth resulting from the construction of the MCC.

SECTION 5

NATIONAL COMPARABLE FACILITIES ANALYSIS

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NATIONAL COMPARABLE FACILITIES ANALYSIS

To understand the current competitive position of the proposed McMinnville Conference Center relative to peer facilities around the country, five facilities of a similar size and market position were identified for comparison. The key operating characteristics of these five facilities are provided in the following profiles, and include:

- Size and character of facility program spaces.
- Recent and/or planned expansions.
- A demand and financial profile, including the number and types of events and operating revenues and expenses, where available.
- Ownership and funding model.

Information about operating profile, event demand and the financial performance of comparable facilities provides insight into the general parameters within which similar facilities operate and help to provide a barometer for the operational potential of the proposed facilities. It also helps to identify what other facilities and markets are doing to improve their competitive position.

McMinnville is uniquely positioned to participate in the regional and national event industry given its beautiful natural environment and proximity to two of the largest cities in Portland and Salem. It is also a small community, so a comparison to other smaller communities that successfully support venues is appropriate.

Table 5-1

National Comparative Facilities Summary						
	Proposed McMinnville Convention Center	**Three Rivers Convention Center**	**Dixie Center**	**Sonoma County Fairgrounds**	**Estes Park Event Center**	**Coeur d'Alene Resort**
Location						
Location	McMinnville, OR	Kennewick, WA	St. George, UT	Santa Rosa, CA	Estes Park, CO	Coeur d'Alene, ID
MSA	Portland-Vancouver-Beaverton MSA	Kennewick-Richland MSA	St. George MSA	Santa Rosa MSA	Fort Collins-Loveland MSA	Coeur d'Alene MSA
Demographics Characteristics (2017)						
MSA Population	2,438,192	283,335	168,564	509,142	344,588	157,914
MSA Median Age (Years)	38.0	34.1	339.0	41.0	36.7	39.9
MSA Median Household Income	$63,671	$63,072	$54,972	$66,783	$64,359	$49,170
10 mile Radius Population	61,534	243,242	$130,270	327,624	12,331	110,872
10 mile Radius Median Age	37.8	34.0	33.7	38.9	55.3	39.2
10 mile Radius Household Income	$56,313	$64,068	$55,680	$64,383	$62,480	$47,757
Facility Attributes						
Year Built (Renovated)	-	2003	1998 (2006)	1936	2014	1986 (2011)
Meeting Space	10,000	11,474	16,878	15,928	1,600	36,770
Ballroom Space	10,000	-	13,205	-	-	-
Exhibit Space	20,000	21,600	46,550	100,910	25,754	19,110
Total Leaseable Space	40,000	33,074	76,633	116,838	27,354	55,880
Ownership/ Management						
Owner	-	Kennewick Public Facilities District	Washington Country Intergovernmental Agency	California Authority of Racing Fairs	Town of Estes Park	Coeur d'Alene Resort
Manager	-	VenuWorks	Washington County/City of St. George	Sonoma Fairgrounds	Town of Estes Park Community Service Dept.	Coeur d'Alene Resort
Demand (Most Recent Year)						
# Events (per annum)	124	213	279	98	-	-
Total Attendance (per annum)	32,100	82,442	163,935	212,943	-	-
Revenue & Expenses (Most Recent Year)						
Total Revenues	-	$2,254,450	$3,047,131	$9,855,147	-	-
Total Expenses	-	$2,304,900	$3,206,148	$9,695,554	-	-
Net Operating Income (Deficit)	-	($50,450)	($159,017)	$159,593	-	-

Source: Relevant Facilities, Esri, Johnson Consulting

TRI-CITIES WASHINGTON

THREE RIVERS CONVENTION CENTER **KENNEWICK, WASHINGTON**

LOCATION: Situated in western downtown Kennewick, Washington, the Three Rivers Convention Center (TRCC), which opened in 2004, is a state-of-the-art facility that serves the Tri-Cities region.

OWNERSHIP/ MANAGEMENT: The TRCC is owned by the Kennewick Public Facilities District (KPFD), which was responsible for the design and construction of the venue and oversees its general operation. In 2003 (prior to the opening of the facility), the KPFD contracted the day-to-day operation and management of the TRCC to VenuWorks.

FACILITIES: The TRCC offers more than 33,000 square feet of dedicated meeting, ballroom, and exhibit space. The TRCC is also part of a shopping mall and the same campus includes the Toyota Arena complex. The following table provides a breakdown of conference and meeting space at the facility.

Table 5 -2

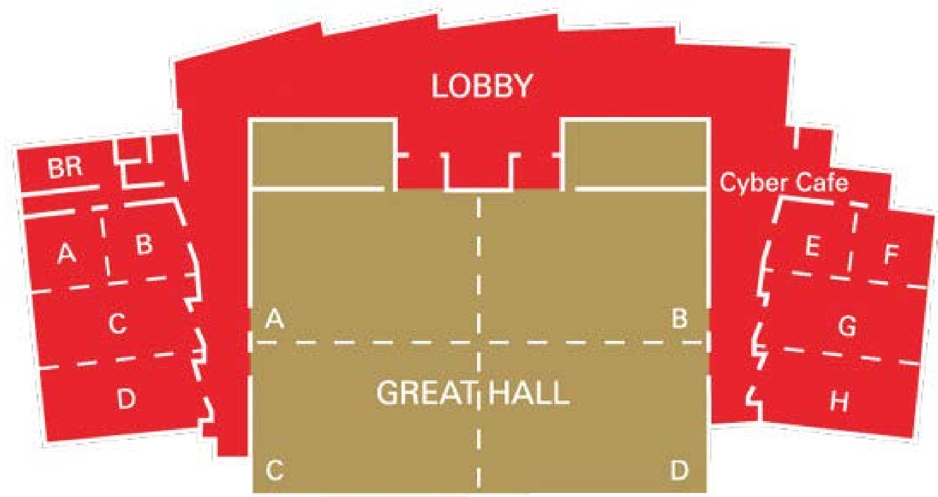
Three Rivers Convention Center Summary of Exhibit and Meeting Space						
	Size (SF)		Capacity (# of Persons)			
	Individual (Smallest)	Combined (Largest)	Theater	Classroom	Banquet	Exhibits (# Booths)
Exhibit Halls						
Great Hall	-	21,600	2,050	1,200	1,200	140
Section A	5,400	-	500	270	340	34
Section B	5,400	-	500	270	340	34
Section C	5,400	-	500	270	340	34
Section D	5,400	-	500	270	340	34
Subtotal Exhibit Hall SF		21,600				
Meeting Rooms						
Number of Rooms	9	3				
Smallest Room	500	-	-	-	-	-
Largest Room	-	5,516	500	290	288	340
Subtotal Meeting Room SF		11,474				
Total		33,074				

Source: Three Rivers Convention Center, Johnson Consulting

The largest space is the Great Hall which offers 21,600 square feet of space that can be broken down into 4 sections. There are eight meeting rooms and a boardroom that range in size from 500 square feet to 5,516 square feet. Meeting room A-D can be combined into a space of 5,516 square feet and meeting rooms E-H can be combined for a total space of 5,458.

The following figure provides a pictorial overview of facilities at the TRCC.

Figure 5-1



The TRCC is connected to a SpringHill Suites by Marriott hotel. The 122-room hotel was built in December 2014.

DEMAND SCHEDULE: In 2016, the TRCC hosts 213 events, predominantly banquets (66 events) and meetings/conferences (55 events), and attracted a total of 82,442 attendees. The following table provides a breakdown of the TRCC's event and attendance data for a typical year, by event type.

Table 5-3

Three Rivers Convention Center 2016 Demand Schedule		
Event Type	**# Events (2016)**	**Attendance (2016)**
Banquets	66	23,933
Community/Edu Theatrical	1	400
Convention	19	26,640
Meeting/Conf	55	16,955
Consumer Show	4	4,600
Trade Show	4	6,500
Wedding Reception	10	2,246
Internal Use	54	1,168
TOTAL	**213**	**82,442**
TOTAL # of Event Days	**261**	**-**

Sources: Three Rivers Convention Center, Johnson Consulting

REVENUE & EXPENSES: The following table provides the TRCC's revenue and expense statements for 2016.

Table 5-4

Three Rivers Convention Center Revenue & Expense Statement (Most Recent Years)	
	2016
Revenues	
Building Rent	$360,000
In-House Event Revenue	$112,000
Reimbursed Wages	$48,000
In-House Equopment Rental	$185,000
Reimbursed Event Expenses	$3,600
Signage & Sponsorship Revenue	$2,700
Food & Beverage Income	$1,539,550
Miscellaneous Revenue	$3,600
Total Revenues	$2,254,450
Expenditures	
Wages and Salaries	$1,487,638
General and Administrative	$39,250
Occupancy	$283,000
Travel Expenses	$16,000
Event Expenses	$95,000
Services and Operations	$384,012
Total Expenditures	$2,304,900
Net Operating Income (Loss)	**($50,450)**

Source: Three Rivers Convention Center, Johnson Consulting

As shown, the TRCC operated at a slight deficit of ($50,450) in 2016. This represents a significant improvement from 2012, when the facility operated at a loss of ($320,000). The largest revenue generators at the TRCC are food and beverage sales and building rental, while the largest expenditure is personnel expenses, including salaries, wages, and benefits.

FUNDING: The City of Kennewick and the KPFD entered into a 50-year lease agreement, with renewal options, under which the City provides the land upon which the TRCC is built. The annual rent is being waived by the City as an in-kind contribution through 2026, after which time the rent will be set at $1 per annum. To fund the project, the KPFD issued $12.8 million of Limited Sales Tax Obligation bonds in 2003. The City also issued bonds to support the project.

HOTEL SUPPLY

The following table shows the hotels with over 50 rooms in the Tri-Cities area, sorted for by number of rooms from largest to smallest.

Table 5-5

Tri-Cities Hotel Inventory - 50 rooms or more	
Hotel	**# of Rooms**
Red Lion Hotel Pasco	279
M Hotel Richland	195
Red Lion Hotel Columbia Center	162
Clover Island Inn	150
Shilo Inn Suites Hotel Richland	150
Red Lion Hotel Richland Hanford	149
Hampton Inn Richland Tri Cities	130
Oxford Suites Hermiston	126
Quality Inn Kennwick	124
Hamption Inn & Suites Pasco Tri Cities	121
Hilton Garden Inn Kennewick Tri Cities	120
Courtyard Richland Columbia Point	120
Home2 Suites Richland	120
Springhill Suites Kennewick Tri Cities	116
Homewood Suites Richland	115
Best Western Plus Pasco Inn & Suites	110
Days Inn Kennewick	104
Rodeway Inn Pasco	104
Days Inn Richland	97
Super 8 Kennewick TriCities Area	95
Motel 6 Richland Kennewick	93
TownePlace Suites Richalnd Columbia Point	90
Best Western Plus Kennewick Inn	88
Holiday Inn Express & Suites Pasco	85
Motel 6 Hermiston	83
Holiday Inn Express & Suites Richland	82
The Lodge at Columbia Point	82
Hampton Inn Kennewick	80
Quality Inn Umatilla	66
La Quinta Inn & Suites Kennewick	64
My Place Hotel Pasco	64
Fairfield Inn Kennewick	62
Sleep Inn Pasco	62
Red Lion Inn & Suites Kennewick	61
Econo Lodge Kennewick	60
Tahitian Motor Inn	60
GuestHouse Inn Kennewick	58
Comfort Inn Kennewick	56
Baymont Inn & Suites Tri Cities	53
Total	**4,036**

Source: Johnson Consulting, STR, Visit Tri-Cities

The table above shows that there are over 39 hotels with over 50 rooms in the Tri Cities area combining for a total of 4,036 rooms. The biggest hotel in the area is the Red Lion Hotel Pasco with 279 rooms making it significantly larger than any other hotel in the area.

ATTRACTION AND TOURISM INVENTORY

The following table shows some of the attraction and tourism offerings of the Tri-Cities area.

Table 5-6

Tri-Cities, WA Attractions/Tourism
Entertainment/Attraction Venue
Washington Wine Country Tour
Sacagawea Heritage Trail
Bechtel National Planetarium
Bateman Island
Manhattan Project National Historical Park
B Reactor tours
Hanford Reach National Monument
Tri-City Dust Devils Baseball
Tri-City Americans Hockey
Chamna Natural Preserve
Badger Mountain
Snake and Yakima River Activities
McNary National Wildlife Refuge
Sacajawea State Park Interpretive Center
Columbia River Journeys
Franklin County Historical Museum
Fort Walla Walla Park
Whitman Mission
Lyons Ferry State Park

Source: Johnson Consulting, Visit Tri-Cities

The Tri-Cities area is known as a family friendly region with plenty of outdoor adventure activities as well as many opportunities to learn about history and science. Popular outdoor activities include touring parts of the Washington Wine County, bird watching, hiking on one of the hundreds of hiking trails and activities on the rivers such as kayaking. Historical and scientific offerings in the Tri-City area include the opportunity to learn about the Manhattan Project at the Manhattan Historical Park or visit the Sacajawea State Park Interpretive Center. The local Washington wine country and the outdoor adventure culture in the Tri-Cities area make it a similar destination to McMinnville.

ARTS AND CULTURAL INVENTORY

The following table shows the arts and cultural inventory attractions and facilities in the Tri-Cities area.

Table 5-7

Tri-Cities, WA Arts/Culture Inventory
Venue/Attraction
Tamastslikt Cultural Institute
Creation Festival Northwest
Tucannon Cellars
John Clement Photography
Lewis Wildlife Art
Mid-Columbia Ballet
Richland Players Theatre
Rolling Hills Chorus of Sweet Adelines
REACH Museum
Yellow Dog Intergrative Arts Studio
White Bluffs Quilt Museum
Franklin County Historical Society & Museum
Fort Walla Walla Museum
The Rude Mechanicals

Source: Johnson Consulting, Visit Tri-Cities

The table above shows different event and venues for cultural and artistic attractions. About 60 miles south of the Tri-Cities is the popular Tamastslikt Cultural Institute which is the only Native American museum located on the Oregon Trail and is a museum and research institute dedicated to the culture of the Native American Tribes within Northern Oregon and the Tri-Cities area. There are also many other cultural museums and venues such as the Richland Players Theatre for artistic and cultural entertainment in the Tri-Cities area. Though the Tri-Cities area currently lacks a main performance theater, they have many organizations involved in the arts and culture community. A conceptual design for a Tri-Cities performing arts center, called the Vista Arts Center, was unveiled in August of 2017 by the Arts Center Task Force and has garnered a significant amount of support and excitement. Currently, the Vista Arts Center is designed as a 48,000 square foot facility that will include an 800-seat theater, 220 person capacity community room and a gallery area. The Vista Arts Center will cost approximately $35 million and the goal is to open it within five years.

ST GEORGE, UTAH

DIXIE CENTER ST. GEORGE, UTAH

OVERVIEW: Constructed in 1998 and renovated in 2006, the Dixie Center (DC) is located in St. George, Utah. St. George is located in the south-western corner of Utah and is easily accessible by I-15. The City is noted for its golf courses and resorts, all within a few minutes of the convention center. The Dixie Center at St. George is designed to hold a wide variety of events with versatile space for sporting events, trade shows, conventions, meetings or concerts. The exhibit hall can accommodate over 240 10'X10' booths or seat over 6,000 for a concert or special event.

OWNERSHIP/ MANAGEMENT/ FUNDING: In January 1997, the City of St. George and Washington County formed the Washington County Intergovernmental Agency (WCIA) partnership to acquire, construct, equip, operate, and maintain the Dixie Convention Center. The County's participation is 62% and funding is provided through collection of a Resort Tax. The City's participation is 38% and funding is provided through collection of a Municipal Transient Room Tax (MTRT) on St. George hotels and motels, and is also funded through a transfer of sales tax revenue from the General Fund. The County manages and oversees the facilities marketing and promotion, and scheduling events. The City oversees the day-to-day operations including maintenance and event management.

FACILITIES: The facility has a total of 46,500 square feet of exhibit hall space, 13,205 square feet of ballroom space, and almost 17,000 square feet of break out meeting space. In addition, the DC has an auditorium with a capacity of 178 people. The table below shows the size and capacity of the exhibit and meeting space at the DC.

Table 5-7

Dixie Center Summary of Exhibit and Meeting Space	Size (SF)		Capacity (# of Persons)		
	Individual (Smallest)	Combined (Largest)	Theater	Classroom	Banquet
Exhibit Halls		46,550			
Exhibit Hall A	22,800	-	3,392	1,696	1,728
Exhibit Hall B	23,250	-	3,392	1,696	1,728
Exhibit Hall C	28,500	-	4,071	2,035	2,016
Exhibit Hall D	18,050	-	2,714	1,357	1,296
Subtotal Exhibit Hall SF		46,550			
Ballrooms					
Ballroom A	2,142	-	306	119	159
Ballroom B	1,848	-	264	103	137
Ballroom C	2,142	-	306	119	159
Ballroom D	1,848	-	264	103	137
Ballroom E	2,805	-	400	156	208
Ballroom F	2,420	-	345	134	180
Subtotal Ballroom SF		13,205			
Meeting Rooms					
Number of Rooms	12	3			
Smallest Room	470	-	50	20	20
Largest Room	-	7,078	900	394	472
Subtotal Meeting Room SF		16,878			
Total		**76,633**			

Source: DC, Johnson Consulting

The exhibit hall also functions as a multi-purpose arena that seats 6,000 through the use of portable seating risers and the five mezzanine meeting rooms also convert into nine luxury suites for sports and entertainment events. This capacity allows the DC to serve as the largest arena between Salt Lake City and Las Vegas.

DEMAND & FINANCIAL INFORMATION: The Dixie Center would not provide current demand or attendance data but it is believed that it is a highly successful facility and hosts a significant amount of corporate, association and government demand. A prior review of the Dixie Center indicated that the facility held on average 50 non-resident meetings/events with attendance of in excess of 150,000 and 105 resident meetings/events (attendance estimated at 50,000 for local events). The table below provides a summary of revenue and expenses from the most recent year available.

Table 5-8

Dixie Center Revenue & Expense Statement	
	Most Recent Year
Revenues	
Charges for Services	$1,176,945
Operating Grants & Contributions	2,385,562
Unrestricted Investment Earnings	13,245
Gain/(Loss) on Derivative Instrument	(528,621)
Total Revenues	3,047,131
Expenses	
Convention Center	$2,153,926
Museum	88,424
Interest & Fiscal Charges	963,798
Total Expenses	3,206,148
Net Operating Income (Loss)	**(159,017)**

Source: Dixie Center, Johnson Consulting

The DC averages total revenues of $3.0 million, a majority of which came from Operating Grants and Contributions. Expenses totalled $3.2 million and resulted in the facility generating a loss of $159,000. Staff at the facility would not provide any further detail about the above revenue and expense statement.

HOTEL SUPPLY

The following table shows the hotels within St George, sorted for by number of rooms from largest to smallest.

Table 5-9

St. George, UT Hotel Inventory	
Hotel	**# of Rooms**
Economy Inn	147
Chalet Motel	138
Ambassador Inn	75
Courtyard St Geroge	63
Americas Best value Inn St. George	62
My Place Hotel Saint George	58
Howard Johnson Inn & Suites St. George	57
Ramada St George	54
Clarion Suites Saint George	52
Claridge Inn	52
Quality Inn South Bluff St George	49
Coronada Inn & Suites	48
America's Best Inn & Suites St George	48
Holiday Inn St George Convention Center	46
St George Inn & Suites	44
Tru by Hilton Saint George	43
TownePlace Suites St George	40
Best Western Coral Hills	37
Best Western Travel Inn	37
Best Western Plus Abbey Inn	34
Econo Lodge Saint George	32
Crystal Inn St George	30
Comfort Inn Saint George North	30
Red Mountain Resort	30
Inn on the Cliff	27
Comfort Suites Saint George	26
Days Inn St George	26
Comfort Inn @ Convention Center	26
Coyote Inn @ Green Valley	25
Super 8 St George	24
Red Lion Hotel Conference Center	24
Rodeway Inn St. George	23
Studio 6 St George	23
Fairfield Inn St George	22
Quality Inn Saint George North	21
Sands Motel	20
Motel 6 St George	20
Hampton Inn St George	20
Hyatt Place St George convention Center	20
Hilton Gerden Inn St George	19
Inn at Entrada	18
The Inn at St George	17
Holiday Inn Express & Suites St George	17
La Quinta Inns & Suites St George	16
Wingate By Wyndham St George	16
Hampton Inn & Suites Saint George	16
Total	**1,772**

Source: Johnson Consulting, STR, Visit St George

The table above shows that there are 46 total hotels and 10 hotels with over 50 rooms in St. George, Utah combining for a total of 1,772 rooms. The biggest hotel in the area is the two star Economy Inn & Suites with

147 rooms making it slightly larger than the Chalet Motel (138 rooms). McMinnville has less than half the population of St. George but, comparatively, only has 422 rooms and four hotels with over 50 rooms.

ATTRACTION AND TOURISM INVENTORY

The following table shows some of the attraction and tourism offerings in the St. George area.

Table 5-10

St. George, Utah Attractions/Tourism
Entertainment/Attraction Venue
Zion National Park
Snow Canyon State Park
Sand Hollow State Park
Quail Creek State Park
Gunlock State Park
Dinosaur Discovery Site
Rosenbruch Wildlife Museum
Red Cliffs Desert Reserve
Silver Reef Museum
Western Aviation Museum
Zion Human History Museum
North American Wildlife Museum
Skywalker Balloons
Hidden Canyon
Emerald Pools
Historic Downtown St. George
Ancestor Square
St. George Golf Club
Petrified Dunes
Source: Johnson Consulting, Visit St. George

The St. George area is known for its beautiful national parks and in 2016 Zion National Park was the 5th most visited National Park in the United States. There are also a number of state parks in the area that see millions of visitors each year,, making it one of the top destinations in the United States for avid hikers and outdoorsman. The area also benefits from good weather and a number of museums such as the Zion Human History Museum, North American Wildlife Museum, Silver Reef Museum and many others. Furthermore, St. George is home to a historic downtown district and within it is Historic Ancestor Square which hosts a Famers' market, local cuisine and live entertainment that serves as a charming anchor to the town similar to McMinnville.

ARTS AND CULTURAL INVENTORY

The following table shows the arts and cultural inventory attractions and facilities in the St. George area.

Table 5-11

St. George, Utah Arts/Culture Inventory
Venue/Attraction
St. George Art Museum
Tucahn Amphitheatre
St. George Musical Theater
Hurricane Valley Theatrical Company
Brigham's Playhouse
Kayenta Street Painting Festival
St. George Art Festival
Coyote Gulch Art Village
Authentique Gallery
The Mission Gallery
Tribal Arts Gallery
Roland Lee Studio
Worthington Gallery
David J. West Gallery
Sorella Gallery
11th Street Gallery
Lafave Gallery
De Zion Gallery
Split Rock Gallery
Sears Art Museum Gallery
Arte Gallery & Framing

Source: Johnson Consulting, Visit St. George

The table above shows different event and venues for cultural and artistic attractions. The St. George Art Museum is the leading art museum that features traveling exhibits showing different cultures and how they have evolved across time. The Tuacahn Amphitheatre is located about ten miles from St. George and the Tuacahn Center for the Arts has produced over 50 major musical theatre productions and over 150 concerts. There are also a number of art galleries in St. George especially in the historic downtown district that display photography, paintings, taxidermy, tribal arts among many others.

SONOMA COUNTY, CALIFORNIA

SONOMA COUNTY FAIRGROUNDS SANTA ROSA, CALIFORNIA

OVERVIEW: The largest meeting and event facility in Sonoma County is the Sonoma County Fairgrounds (SCF) which is located in the town of Santa Rosa, California. The Racetrack and exposition center were built in 1936 and the Sonoma County Fair is now a popular state attraction famous for horse racing, flower shows and other family entertainment. Although most of the fairground's facilities are outdoors they also have indoor event and meeting space.

OWNERSHIP/ MANAGEMENT/ FUNDING: The SCF is owned and operated by Sonoma County.

FACILITIES: The fairgrounds feature a horse-racing track, golf course, multiple open-air amphitheaters to go along with its indoor facilities which include six different spaces for exhibit display, two arenas and two other meeting spaces. Below is a table showing a breakdown of the fairground's indoor exhibit and meeting space.

Table 5-12

Sonoma County Fairgrounds Summary of Facility Space	Size (SF)				
	Individual (Smallest)	Combined (Largest)	Classroom	Banquet	10x10 Booths
Exhibit Hall Space					
Grace Pavillion	-	40,500	4,400	2,800	205
Garden Building	-	3,876	550	258	22
Finley Hall	-	11,200	1,200	747	103
Garrett Bulding	-	11,200	1,200	747	103
Kraft Hall	-	7,200	1,280	480	38
Hall of Flowers	-	26,934	2,400	1,800	130
Total Exhibit Hall SF		**100,910**			
Other Meeting Rooms					
Showcase Café	-	4,928	700	328	-
Saralee and Richard's Barn	-	11,000	1,200	1,200	-
Chris Beck Arena	3,000 seats				
Outdoor Parks and Picnic Areas					
Total Meeting Room SF		**15,928**			
Total Function Space		**116,838****			

***Reflecting exhibit halls, ballrooms, and meeting rooms only*

Source: Sonoma County Fairgrounds, Johnson Consulting

The SCF provides over 100,000 square feet of exhibit space over six buildings. Grace Pavilion is the largest space with 40,500 square feet, followed by the Hall of Flowers with 26,934 square feet and Finley Hall and the Garrett Building, both with 11,200 square feet. The SCF provides a typical quality level found at similar sized facilities across the country.

DEMAND & FINANCIAL INFORMATION: The SCF is used to host annual events such as the Sonoma County Fair, Sonoma Valley Harvest Fair, The Harmony Festival and the Emerald Cup. The facilities are also rented out for community events, trade shows, seminars, conventions and more. The table below provides a summary of events and attendance for the SCF in 2016.

Table 5-13

Sonoma County Fairgrounds 2016 Demand Schedule		
Event Type	**# Events (2016)**	**Attendance (2016)**
Consumer Show	19	78,053
Community	19	35,630
Entertainment	2	26,770
Sport	9	21,500
Animal Show	22	17,320
Fundraiser	3	13,800
4H	1	8,000
Rodeo	3	4,500
Equestrian	14	3,350
Education	2	2,120
Banquet	2	1,000
Trade Show	1	500
Animal Show/ Auction	1	400
TOTAL	**98**	**212,943**

As shown, the most frequent event held at the SCF were Animal Shows, followed by Consumer Shows and Community Events. Consumer Shows brought in the most people to SCF with just over 78,000 people in 2016. Entertainment events had the highest average of attendance per event averaging 13,885 attendees per event. Below is a table breaking down the operating revenues and expenses for the SCF.

Table 5-14

Sonoma County Fairgrounds Revenue & Expense Statement (Most Recent Years)			
	2014	2015	2016
Operating Revenues			
Fair	$6,891,685	$6,819,246	$6,810,156
Interim (Includes Golf Course)	2,048,547	2,350,388	2,635,773
Jockey Club	438,628	403,955	409,218
Total Revenues	$9,378,861	$9,573,590	$9,855,147
Operating Expenditures			
Fair	$4,239,641	$3,941,847	$4,032,941
Interim	1,365,334	1,407,982	1,809,240
Jockey Club	324,852	325,234	368,960
General & Administrative	3,238,860	3,297,020	3,514,613
Harvest Allocated - Harvest Fair	(40,033)	(35,800)	(30,200)
Total Expenditures	$9,128,654	$8,936,282	$9,695,554
Net Operating Income (Loss)	**$250,207**	**$637,308**	**$159,593**

Source: Sonoma County Fairgrounds, Johnson Consulting

The SCF had an operating surplus each of the last three years. Although the revenue from the annual Sonoma County Fair has fallen in each of the last three years, the interim revenue which includes building and equipment rentals, concessions and parking, has grown. The decrease in operating income from 2015 to 2016 is due to a large increase in interim expenses and general expenses.

HOTEL SUPPLY

The following table shows the hotels with over 50 rooms within Sonoma County, sorted by number of rooms from largest to smallest.

Table 5-15

Sonoma County Hotel Inventory - 50 rooms or more	
Hotel	# of Rooms
Hilton Sonoma Wine Country	250
Doubletree Sonoma Wine County	245
WorldMark by Wyndham	228
Fairmont Sonoma Mission In & Spa	226
Graton Resort and Casino	200
Sheraton Sonoma Country Petaluma	184
Flamingo Conference Resort and Spa	170
Oxford Suites Sonoma County-Rohnert Park	163
Hyatt Vineyard Creek	155
Best Western Inn Rohnert Park	143
Sandman	135
Motel 6 Rohnert Park	127
Fountaingrove Inn	124
Good Nite Inn	123
Motel 6 Petaluma	121
Motel 6 Santa Rosa North	119
Extended Stay America Sants Rosa South	114
Quality Inn Petaluma- Sonoma	109
Courtyard by Marriott Santa Rosa	102
Hotel Inn Windsor Wine Country	100
Motel 6 Santa Rosa South	100
Holiday Inn Windsor Wine Country	100
Extended Stay America Santa Rosa North	94
Hotel Petaluma	90
Hilton Garden Inn- Sonoma County Airport	90
Inn at the Tides	86
Best Western Plus Wine Country Inn and Suite:	85
Bodega Bay Lodge	83
Fairfield Inn & Suites Santa Rosa Sebastopol	82
Rodeway Inn Santa Rosa	80
Best Western Garden Inn	79
Holiday Inn Express Windsor	75
Best Western Petaluma Inn	73
Quality Inn & Suites Santa Rosa	64
Cloverdale Win Country Inn and Suites	62
Budget Inn	55
Dawn Ranch Lodge	53
Gold Coin Motel	50
Total	**4,539**

Source: Johnson Consulting, Santa Rosa CVB, STR, Sonoma County Tourism

The table above shows that there are 38 total hotels with over 50 rooms in Sonoma County combining for a total of 4,539 rooms. The biggest hotel in the area is the Hilton Sonoma Wine Country with 250 rooms making it slightly larger than the Doubletree Sonoma Wine County (245 rooms). There are a total five hotels with 200 rooms or more in Sonoma County. Sonoma County also has smaller boutique hotels, motels and bed and breakfasts that can be popular among tourists that do not want to stay in larger resorts.

ATTRACTION AND TOURISM INVENTORY

The following table shows some of the attraction and tourism offerings in Sonoma County.

Table 5-16

Sonoma County, CA Attractions/Tourism
Entertainment/Attractions
Point Reyes National Seashore
Bodega Bay
Sonoma Coast State Park
Armstrong Redwoods State Natural Reserve
Safari West
Jack London State Historic Park
Trione-Annadel State Park
Charles M. Schulz Museum and Research Center
Spring Lake Regional Park
Sonoma TrainTown Railroad
Petrified Forest
Luther Burbank Home and Gardens
Petaluma Historical Museum
Schramsberg Vineyards
Buena Vista Winery
San Pablo Bay National Wildlife Refuge
Matanzas Creek Winery
Stillwater Cove Regional Park
Healdsburg veterans Memorial Beach
Safari West
Winter WINEland
Great Sonoma Crab and Wine Fest
Citrus Fair and Parade
Annual Chowder Day
Lake Sonoma Steelhead Festival
Source: Johnson Consulting, Visit Sonoma Wine Country

The Sonoma County area is known for being one of the most renowned wine producing counties in the USA with over 425 wineries. The county is also known for its beautiful outdoor landscapes and regional and state parks. The area's good weather and fertile land make it one of the top producing agricultural regions in the nation resulting in a number of restaurants offering farm to table cuisine. Attractions most visited by tourists in Sonoma County include the various wineries, parks, historic parks, coastal beaches and wildlife observation parks.

ARTS AND CULTURAL INVENTORY

The following table shows the arts and cultural inventory attractions and facilities in the Sonoma County area.

Table 5-16

Sonoma County, CA Arts/Culture Inventory
Venue
Luther Burbank Center for the Arts
Green Music Center at Sonoma State University
Cloverdale Performing Arts Center
Sixth Street Playhouse
Spreckels Performing Arts Center
Main Stage West
Wells Fargo Center for the Arts
The Passdoor
Barry Singer Gallery
Shakespeare in the Cannery
Neon Raspberry Art House
Redwood Arts Council
The Harris Gallery
Sonoma County Wine Library
Barnddiva Gallery + Bar
Annex Galleries
Santa Rosa Symphony
Left Edge Theatre
Occidental Center for the Arts
Petaluma Historical Library & Museum
Gallery 32
Art Honors Life The Gallery at Funeria
Tibetan Gallery & Studio
Gallery One
California Indian Museum & Cultural Center
Taunee Callahan Fine Art
Raven Performing Arts Theater
Raven Film Center
Eminent Design
Janet Moore Fine Arts Studio
Russian River Art Gallery
Arts Guild of Sonoma
ArtStart
The Corner Store Collective
Aerena Gallery Healdsburg
Rancho Obi-Wan
Bronze Plus Art Foundry

Source: Johnson Consulting, Visit Sonoma Wine Country

The table above shows different event and venues for cultural and artistic attractions in Sonoma County, headlined by the Luther Burbank Center for the Arts which has a 1,612 seat theater, conference rooms, outdoor pavilion, auditorium, atrium and cabaret. The Luther Burbank Center for the Arts hosts over 100 performances annually including performances from their anchor tenants which include the North Bay Stage Company, Roustabout Theater and Santa Rosa Original Certified Farmers Market. There are also a multitude of other performing arts theaters, galleries and museums in Sonoma County that make it a very culturally enriched region.

ESTES PARK, COLORADO

ESTES PARK EVENTS CENTER **ESTES PARK, COLORADO**

OVERVIEW: The Estes Park Events Center (EPEC) is located in the ski resort town of Estes Park, Colorado just minutes from Lake Estes. It was recently opened in 2014 after being built over a previous Fairgrounds. The Events Center has the largest continuous meeting space in Estes Park and 33,000 square feet of meeting space total. The Estes Park Pavilion is built adjacent to the Events Center and has an additional 19,184 square feet.

OWNERSHIP/ MANAGEMENT/ FUNDING: The EPEC is owned by the town of Estes Park and operated by the Events Division of the Community Service Department. In 2013, the town of Estes Park issued Certificates of Participation, Series 2013 in the amount of $6,075,000 for the purpose of financing the construction of the Events Center.

FACILITIES: The EPEC features a 25,754-square foot Multi-Purpose Event Hall, 1,600 square feet of additional meeting space, grand lobby, Silo Meeting Room and Executive Board room. Below is a table showing a breakdown of the Estes Park Events Center indoor exhibit and meeting space.

Table 5-17

Estes Park Events Center Summary of Facility Space	Size (SF)	
	Individual (Smallest)	Combined (Largest)
Exhibit Space		
Main Event Hall	-	25,754
Total Main Event Center SF		**25,754**
Other Meeting Space		
Executive Board Room	-	360
Silo Meeting Room	-	490
VIP Meeting Room	-	750
Total Lodge SF		**1,600**
Total Function Space		**27,354**

Source: Estes Park Events Center, Johnson Consulting

The EPEC facilities make it capable of hosting expos, conventions, indoor festivals and sporting events. In addition, the Center is equipped with concession capability, in-house catering services, meeting rooms and rental equipment.

HOTEL SUPPLY

The following table shows the hotels within Estes Park, sorted for by number of rooms from largest to smallest.

Table 5-18

Estes Park, CO Hotel Inventory	
Hotel	**# of Rooms**
Estes Park Center	655
The Ridgeline Hotel	147
The Stanley Hotel	138
Rodeway Inn Estes Park	132
Quality Inn Estes Park	75
Best Western Plus Silver Saddle	63
Elkhorn Lodge	62
Aspen Lodge at Estes Park	59
Murphy's Resort	58
Discovery Lodge	57
The Estes Park Resort	54
1st Inn Estes Park	52
Tyrol Mountain Inn	52
Americas Best Value Inn & Suites	49
Twin Owls Motor Lodge	48
Alpine Trail Ridge Inn	48
Rams Horn Village Resort	46
Estes Village Inn	44
Silver Moon Motel	43
Bighorn Mountain Lodge	40
Nicky's Resort	37
Fawn Valley Inn & Chalets	37
Appenzell Inn	34
Murphy's River Lodge	32
Castle Mountain Lodge	30
Glacier Lodge	30
Wildwood Inn	30
Brynwood On the River	26
Riverview Pines	26
Saddles & Surrey Motel	26
ValHalla Resort	25
Telemark Cottages	24
Peak to Peak Lodge	24
Black Canyon Inn	23
Deer Crest Resort	23
Stonebrook Resort	22
Creekside Suites & Condos	21
Mountain Sage Inn	20
Streamside on Fall River	20
Trout Haven Ranch	20
Boulder Brook	20
Ponderosa Lodge	19
Taharaa Mountain Lodge	18
Inn on Fall River	17
McGregor Mountain Lodge	17
Woodlands On Fall River	16
River Stone Resorts	16
Marys Lake Lodge	16
Baldpate Inn	16
Total	**2,607**

Source: Johnson Consulting, STR, Visit Estes Park

The table above shows that there are 51 total hotels in Estes Park combining for a total of 2,607 rooms. The biggest hotel in the area is the Estes Park Center with 655 rooms which makes it by far the largest hotel in Estes Park which contains mostly smaller resorts with under 50 rooms. The average sized hotel in Estes Park is 53 rooms.

ATTRACTION AND TOURISM INVENTORY

The following table shows some of the attraction and tourism offerings in Estes Park.

Table 5-19

Estes Park, CO Attractions/Tourism
Entertainment/Attractions Venue
Rockey Mountain National Park
Wildside 4x4 Tours
Riverspointe Spa
Estes Park Trolleys
Backbone Adventure Rentals
A Wanderlust Adventure
Yellow Wood Guiding
Historic Park Theatre
Estes Park Rapid Transit Rafting
Open Air Adventure Park
YMCA of the Rockies - Estes Park Center
Rocky Mountain Conservacy
The Barrel
Fun City
Sombrero Stables
Trout Haven Fishing Pond
Estes Park Gun and Archery Club
Reel Mountain Theater
Estes Park Winter Festival
Eldora Mountain
Frost Giant Race
Estes Park Wine and Chocolate Festival
Mountain Festival
Estes Park Wool Market and Fiver Festival
Scandanavian Midsummer Festival
SnowyGrass Music Festival in Estes Park
Source: Johnson Consulting, Visit Estes Park

The Estes Park area is known for being a popular destination for year round outdoor and adventure activities and is the headquarters of Rocky Mountain National Park. Most of the activities forgone by visitors to Estes Park are outdoor oriented and visitors may find things to do no matter the season. Hiking the nearby mountains, fishing, cross country skiing, guided nature tours and a variety of festivals are the most frequented activities by locals and tourists. Estes Park is a popular destination for romantic weekends or family vacations for the outdoor inclined.

ARTS AND CULTURAL INVENTORY

The following table shows the arts and cultural inventory attractions and facilities in Estes Park.

Table 5-20

Estes Park, CO Arts/Culture Inventory
Venue/Attraction
Historic Stanley Concert Hall
Historic Park Theatre
Arts Center of Estes Park
Art Market
Estes Park Jazz Festival and Art Walk
Estes Park Wool Market
Arts and Crafts Show
Plein Air Rockies
Fine Arts Guild of the Rockies
Rocky Ridge Music Center
Reel Mountain Theater
Source: Johnson Consulting, Visit Estes Park

The table above shows different event and venues for cultural and artistic attractions in Estes Park. A popular place to see a show is the Historic Stanley Concert Hall which is a 340 seat theater built in 1909.

COEUR D'ALENE, IDAHO

COEUR D'ALENE RESORT COEUR D'ALENE, IDAHO

OVERVIEW: The Coeur d'Alene Resort is a luxury hotel and meeting space facility, originally built in 1986 and expanded 2011, overlooking Lake Coeur d'Alene. The resort features a popular 18-hole golf course and boat rentals.

FACILITIES: The resort offers numerous different venues that can suit any need. The resort has 19,110 square feet of event space in their conference center space, 27,978 square feet of small to medium size meeting rooms, and 8,792 square feet of floating meetings room space on five different vessels. The following table shows a detailed breakdown of the Coeur d'Alene event space:

JOHNSON CONSULTING

Table 5-21

Coeur d'Alene Resort Summary of Event Spaces					
	Size (SF)	Capacity (# of Persons)			
		Theater	Classroom	Banquet	Conference
Conference Center					
Bay 1	1,856	120	72	96	50
Bay 2	3,200	350	160	216	50
Bay 3	2,432	300	120	176	50
Bay 4	3,200	350	160	216	50
Bay 5	2,432	300	120	176	50
Bay 6	2,058	175	96	120	50
Bayview Rooms					
Casco Bay	1,564	96	58	72	30
Kidd Island Bay	928	84	48	56	30
North Cape Bay	896	80	38	48	30
Beauty Bay	544	30	25	24	24
Subtotal Conference Level	**19,110**				
7th Floor Boardrooms					
Boardroom 2	352	24	18	24	20
Boardroom 3	352	24	18	24	20
Boardroom 4	256	18	-	10	10
Boardroom 5A	504	40	18	24	16
Boardroom 5B	576	45	24	32	20
Boardroom 5C	336	24	18	16	14
Boardroom 6	640	-	-	-	20
Boardroom 7	420	-	-	-	16
Boardroom 8	256	-	-	-	20
Lobby Level					
Shore	2,700	320	66	176	60
Cabin Room	450	30	18	24	20
Lakeview Terrace	7,836	600	-	350	800
Hagadone Event Center					
HEC East	3,870	336	240	-	-
HEC West	2,400	212	102	-	-
HEC with Terrace	13,300	-	-	-	-
Subtotal Other Level	**27,978**				
Lake Coeur d'Alene Cruises Floating Boardrooms	Size (SF)	Total Capacity	Inside Seating		
Mish-an-Nock	2,610	400	160		
Coeur d'Alene	2,132	400	120		
Spirit of Coeur d'Alene	1,625	149	80		
Kootenai	800	149	50		
Osprey	1,625	149	80		
Subtotal Floating Boardrooms	**8,792**				
Total Event Space (SF)	**55,880**				

Source: Johnson Consulting, Coeur d'Alene Resort

HOTEL SUPPLY

The following table shows the hotels within Coeur d'Alene, sorted for by number of rooms from largest to smallest.

Table 5-22

Coeur d'Alene, Idaho Hotel Inventory	
Hotels	of Rooms
Coeur d'Alene Resort	338
Shilo Inn Suites Coeur d'Alene	139
Hampton Inn & Suites Coeur d'Alene	124
Best Western Plus Coeur d'Alene	122
La Quinta Inns & Suites Coeur d'Alene	118
Springhill Suites Coeur d'Alene	118
Motel 6 Coeur d'Alene	109
Holiday Inn Express & Suites Coeur d'Alene	101
Super 8 Couer d'Alene	95
Ramada Coeur d'Alene	69
Baymont Inn & Suites Coeur d'Alene	62
Days Inn Coeur d'Alene	62
Budget Saver Motel	57
FairBridge Inn Express Coeur d'Alene	57
Quality Inn & Suites Coeur d'Alene	51
Rodeway Inn Coeur d'Alene	49
Japan House Suites	22
Bennett Bay Inn	21
Resort City Inn	17
The Roosevelt Inn	15
Total	**1,746**

Sources: STR, Hotel Websites, and Johnson Consulting

The table above shows that there are 20 total hotels in Coeur d'Alene combining for a total of 1,746 rooms. The biggest hotel in the area is the Coeur d'Alene Resort with 338 rooms which makes it by far the largest hotel in Coeur d'Alene. The next largest hotel is the Shilo Inn Suites with 139 rooms. The average sized hotel in Coeur d'Alene is 87 rooms.

ATTRACTION AND TOURISM INVENTORY

The following table shows some of the attraction and tourism offerings in Coeur d'Alene.

Table 5-23

Coeur d'Alene, ID Attractions/Tourism Inventory
Entertainment/Attraction Venue
Raptor Reef Indoor Waterpark
Triple Play Family Fun Park
Silver Mountain Resort
Silverwood Theme Park & Boulder Beach Water Par
The Buoy CDA Boat Rentals
Lake Couer D'Alene Cruises, Inc
Wiley E. Waters
Brooks Seaplane Service, Inc
Fresh Water Fun LLC
Hagadone Marine Group
Just Add Water Sports (JAWS)
Dockside Restaurant
Becker's Tackle Shop
Harrison Pontoons & Rentals
Lake Pend Orielle Cruises
KJ Watersports LLC
ROW Adventure Center
Fins & Feathers Tackle Shop and Guide Service
Summer Snow Outfitters
Source: Johnson Consulting, Coeur d'Alene CVB

The City of Coeur d'Alene is sometimes called the "Playground of the Pacific Northwest" for being a popular year round outdoor and adventure destination. In the winter, skiing, snowboarding, and snowmobiling are incredibly popular in the mountains. However, the resort is the most popular in the summer when tourists come to enjoy the beautiful Lake Coeur d'Alene. The Coeur d'Alene Resort is located perfectly to enjoy a multitude of outdoor activities that range from leisurely boat cruises to adrenaline pumping white water rafting.

The following table shows the arts and cultural inventory attractions and facilities in Coeur d'Alene.

Table 5-24

Coeur d'Alene, ID Arts/Culture Inventory
Venue/Attraction
The Salvation Army Kroc Center
Coeur d'Alene Summer Theatre
Laura Little Productions
Cisco's Gallery
The Art Spirit Gallery
Museum of North Idaho
Pinot's Palette
Coeur d'Alene Galleries
Coeur d'Alene Arts and Culture
Source: Johnson Consulting, Couer D'Alene CVB

NATIONAL COMPARABLE FACILITIES CONCLUSIONS

Each of the facilities profiled above were developed in response to a community's desire to generate significant benefits for local and regional economies, to stimulate tourism, and to serve local corporations and universities. Although there is variation in the size, orientation, operating approach, and role that each of these facilities play in their communities, each facility demonstrates how a convention center can become a catalyst to stimulate the economy, grow and support the local hotel community, and provide a valuable asset for local residents and businesses. A number of the case studies also highlight the positive impact of locating convention facilities in an attractive setting.

The drawing power and attractiveness of McMinnville's Willamette Valley location is a factor that should not be overlooked. If similarly, attractive markets included in the above case studies can successfully draw events, the proposed McMinnville Convention Center, given effective marketing should be able to compete effectively with destinations throughout the region and beyond.

One of the few problems/ opportunities facing a convention center located in McMinnville is the lack of hotel accommodation. Compared to the event centers profiled above, McMinnville not only lacks an appropriate number of rooms, but also appropriately sized hotels to accommodate block reservations that larger events typically utilize to ensure adequate accommodations for their attendees.

SECTION 6

CONFERENCE CENTER DEMAND AND OPERATING PROJECTIONS

CONFERENCE CENTER DEMAND AND OPERATING PROJECTIONS

Based on Johnson Consulting's analysis and judgment, a conference center venue will have a significant role to play in McMinnville. The market opportunity for a McMinnville Conference Center is solid and its presence would be able to support event activities within the community that are currently lacking. Our market research has validated the viability of McMinnville's ability to support a new conference center, but with the addition of more hotel rooms in the overall market to support the facility. Peer markets have 1,500 hotel rooms and greater to support their facilities and this would be a good long-term target for the market.

PROGRAM AND SITE RECOMMENDATIONS

Table 6-1 summarizes program recommendations for McMinnville Conference Center.

Table 6-1

McMinnville, Oregon Conference Center Recommended Program	Size/ Capacity (Net SF)	
Convention Center		
Exhibit Hall	20,000	SF
Ballroom	10,000	SF
Meeting Rooms	10,000	SF
Total	**40,000**	**SF**

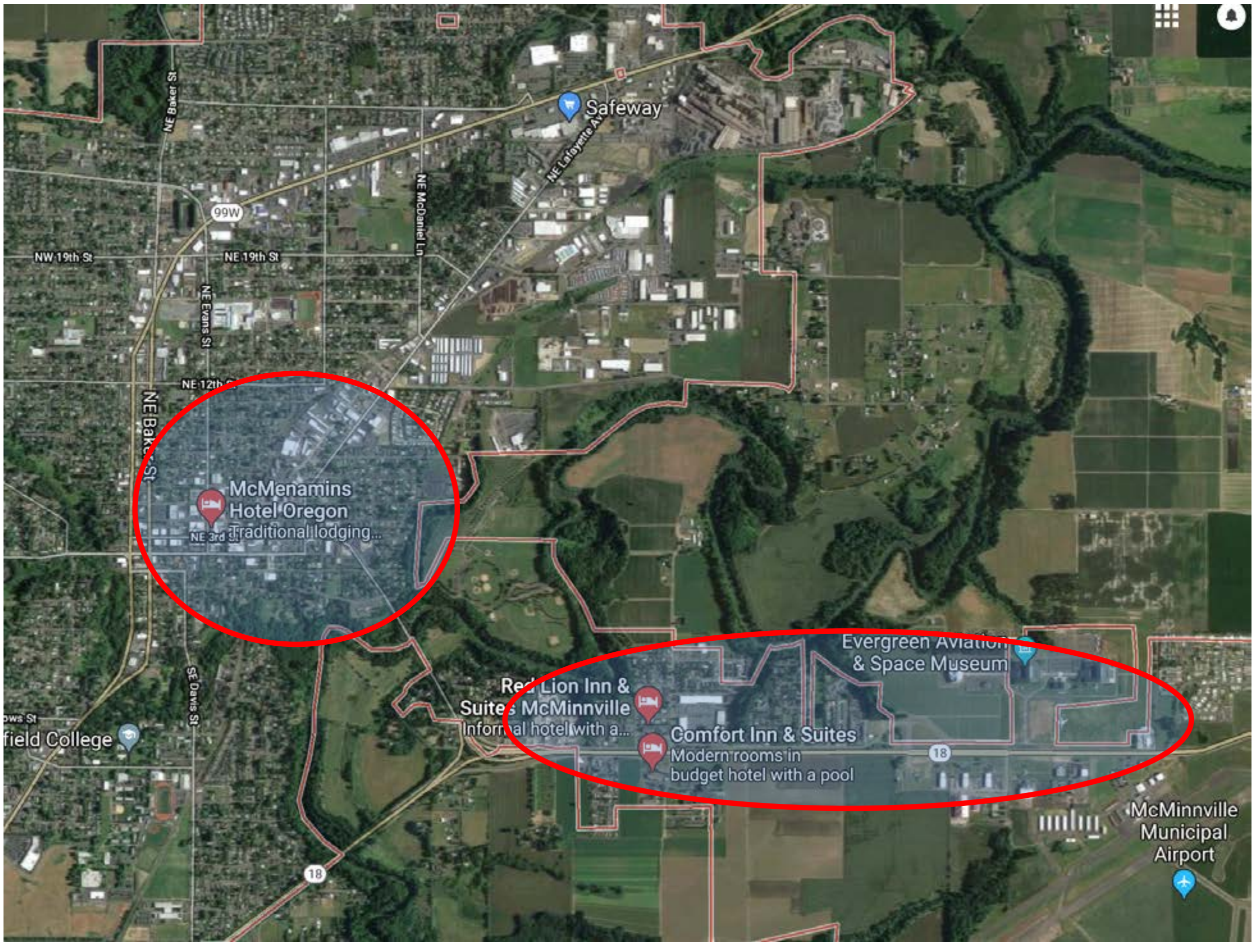
Source: Johnson Consulting

For the McMinnville market, the proposed program of 20,000 square feet of multi-purpose space, a 10,000-square foot ballroom and 10,000 square feet of meeting room space is attractive to potential users and would provide more additional facilities that are well located in a State that has a limited amount of venues. Additional hotel development will also be needed over time, but until that inventory is built, the proposed McMinnville Conference Center could take advantage of the day tripper oriented events that also frequently occur between Salem and Portland.

Site Options

Three sites make sense- In downtown, between the main downtown core and Linfield College; In downtown, near 3rs Street and the Granary District; and near the Aviation Museum. The downtown area as close to 3rd Street as possible is preferred as it would leverage the College and the amenities downtown. About two city blocks should be budgeted for assemblage to accommodate such a facility. A hotel of 150 to 200 rooms should be targeted as well as that is a limiting condition to success for this facility. The figure below provides a map with these potential site areas highlighted.

Figure 6-1



The Aviation Museum site would also work. Visitors to that venue would use the downtown area, during parts of the day that they would not be meeting at the Conference Center. The current ownership issues for the land holdings for the complex have not been resolved. If this site were chosen, a site near the waterpark area would provide a combined waterpark/ convention center, which has proven to be a very successful model in other markets. A proposal for a 90-room hotel has been made for this area. In our judgement, a minimum 200 room hotel should be contemplated. If the proposed sports complex were to evolve, which currently faces several obstacles, this area could be a much more robust attraction than it is today and land planning could include further hotel development.

DEMAND PROJECTIONS

Table 6-2 shows an estimate of demand for the recommended McMinnville Conference Center. The demand estimate is based upon market research, an examination of comparable facilities, and interviews with the

CVB, meeting and event planners, show promoters and organizers, and an extensive number of potential facility users.

Table 6-2

McMinnville, Oregon Conference Center
Projected Event Demand

Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/ Trade Shows	9	12	15	18	20	20	20	20	20	20
Consumer Shows/ Festivals	7	9	11	13	15	15	15	15	15	15
Subtotal Exhibit Events	**16**	**21**	**26**	**31**	**35**	**35**	**35**	**35**	**35**	**35**
Non-Exhibit Events										
Meetings/ Conferences	52	54	56	58	60	60	60	60	60	60
Banquets/ Social	42	44	46	48	50	50	50	50	50	50
Entertainment/ Concerts	8	9	10	11	12	12	12	12	12	12
Other	6	7	8	9	10	10	10	10	10	10
Subtotal Non-Exhibit Events	**108**	**114**	**120**	**126**	**132**	**132**	**132**	**132**	**132**	**132**
Total	**124**	**135**	**146**	**157**	**167**	**167**	**167**	**167**	**167**	**167**

Source: Johnson Consulting

The table shows that in Year 1, the recommended McMinnville Conference Center has the potential to attract nine conventions and trade shows, seven consumer shows and public events, and 108 non-exhibit events. By Year 5, these numbers are expected to increase to a total of 167 events.

Table 6-3 shows the estimated average attendance by event type for the recommended McMinnville Conference Center.

Table 6-3

McMinnville, Oregon Conference Center
Estimated Average Attendance

Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/ Trade Shows	300	312	324	337	350	357	364	371	378	386
Consumer Shows/ Festivals	1,500	1,560	1,622	1,687	1,754	1,789	1,825	1,862	1,899	1,937
Annual % Growth		*4%*	*4%*	*4%*	*4%*	*2%*	*2%*	*2%*	*2%*	*2%*
Non-Exhibit Events										
Meetings/ Conferences	75	78	81	84	87	89	91	93	95	97
Banquets/ Social	200	208	216	225	234	239	244	249	254	259
Entertainment/ Concerts	750	780	811	843	877	895	913	931	950	969
Other	100	104	108	112	116	118	120	122	124	126
Annual % Growth		*4%*	*4%*	*4%*	*4%*	*2%*	*2%*	*2%*	*2%*	*2%*

Source: Johnson Consulting

Table 6-4 shows the estimated total attendance by event type for the recommended McMinnville Conference Center.

Table 6-4

McMinnville, Oregon Conference Center Projected Attendance										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/ Trade Shows	2,700	3,744	4,860	6,066	7,000	7,140	7,280	7,420	7,560	7,720
Consumer Shows/ Festivals	10,500	14,040	17,842	21,931	26,310	26,835	27,375	27,930	28,485	29,055
Subtotal Exhibit Events	**13,200**	**17,784**	**22,702**	**27,997**	**33,310**	**33,975**	**34,655**	**35,350**	**36,045**	**36,775**
Non-Exhibit Events										
Meetings/ Conferences	3,900	4,212	4,536	4,872	5,220	5,340	5,460	5,580	5,700	5,820
Banquets/ Social	8,400	9,152	9,936	10,800	11,700	11,950	12,200	12,450	12,700	12,950
Entertainment/ Concerts	6,000	7,020	8,110	9,273	10,524	10,740	10,956	11,172	11,400	11,628
Other	600	728	864	1,008	1,160	1,180	1,200	1,220	1,240	1,260
Subtotal Non-Exhibit Events	**18,900**	**21,112**	**23,446**	**25,953**	**28,604**	**29,210**	**29,816**	**30,422**	**31,040**	**31,658**
Total	**32,100**	**38,896**	**46,148**	**53,950**	**61,914**	**63,185**	**64,471**	**65,772**	**67,085**	**68,433**

Source: Johnson Consulting

Total attendance for the recommended McMinnville Conference Center is estimated at over 31,200 in Year 1, increasing to over 61,900 in Year 5 and 68,400 in Year 10, translating into an average annual rate of growth of 9 percent in 10-year projection period.

Table 6-5 shows the estimated show-days at the recommended McMinnville Conference Center, not including days to move-in/ set-up and move-out/ tear-down.

Table 6-5

McMinnville, Oregon Conference Center Projected Show-Days										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/ Trade Shows	15	20	26	31	34	34	34	34	34	34
Consumer Shows/ Festivals	9	12	14	17	20	20	20	20	20	20
Subtotal Exhibit Events	**24**	**32**	**40**	**48**	**54**	**54**	**54**	**54**	**54**	**54**
Non-Exhibit Events										
Meetings/ Conferences	73	76	78	81	84	84	84	84	84	84
Banquets/ Social	50	53	55	58	60	60	60	60	60	60
Entertainment/ Concerts	8	9	10	11	12	12	12	12	12	12
Other	8	10	11	13	14	14	14	14	14	14
Subtotal Non-Exhibit Events	**140**	**147**	**155**	**162**	**170**	**170**	**170**	**170**	**170**	**170**
Total	**164**	**179**	**195**	**210**	**224**	**224**	**224**	**224**	**224**	**224**

Source: Johnson Consulting

As shown in the table, the facility is projected to accommodate 162 show-days in Year 1, growing to 224 show-days in Year 5.

Table 6-6 shows the estimated number of total event-days, or used-days, for the recommended McMinnville Conference Center, including days to move-in/ set-up and move-out/ tear-down.

Table 6-6

McMinnville, Oregon Conference Center Projected Event-Days										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/ Trade Shows	38	50	63	76	84	84	84	84	84	84
Consumer Shows/ Festivals	22	29	35	42	48	48	48	48	48	48
Subtotal Exhibit Events	60	79	98	117	132	132	132	132	132	132
Non-Exhibit Events										
Meetings/ Conferences	94	97	101	104	108	108	108	108	108	108
Banquets/ Social	63	66	69	72	75	75	75	75	75	75
Entertainment/ Concerts	12	14	15	17	18	18	18	18	18	18
Other	11	13	14	16	18	18	18	18	18	18
Subtotal Non-Exhibit Events	179	189	199	209	219	219	219	219	219	219
Total	240	269	297	326	351	351	351	351	351	351

Source: Johnson Consulting

As shown in the table, the facility is projected to accommodate 240 event-days in Year 1, growing to 351 event-days in Year 5.

OPERATING PRO FORMA

In order to illustrate the potential of the recommended McMinnville Conference Center based on execution of the physical recommendations, Johnson Consulting prepared projections of performance. The above outlined demand projections, including use days, and attendance were used to produce estimated financial operating projections for the facility. Table 6-7 shows the projected pro-forma of the facility.

Table 6-7

McMinnville, Oregon Conference Center Pro Forma Operating Statement of Revenue and Expenses ($000, Inflated)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues										
Space Rental	$503	$588	$678	$772	$859	$885	$912	$939	$967	$996
Food and Beverage Sales (Gross)	574	708	857	1,026	1,199	1,261	1,325	1,392	1,462	1,537
Cost of Goods Sold	*($201)*	*($248)*	*($300)*	*($359)*	*($420)*	*($441)*	*($464)*	*($487)*	*($512)*	*($538)*
Equipment Rental and Event Services	101	118	136	154	172	177	182	188	193	199
Advertising Revenue	23	23	24	25	25	26	27	28	29	29
Miscellaneous	37	44	52	61	70	73	76	79	82	85
Total Revenues	**$1,037**	**$1,234**	**$1,447**	**$1,679**	**$1,906**	**$1,980**	**$2,058**	**$2,138**	**$2,222**	**$2,309**
Expenses										
Salaries and Wages	$654	$674	$694	$715	$736	$758	$781	$804	$828	$853
Employee Benefits	229	236	243	250	258	265	273	282	290	299
Marketing Expenses	74	89	105	122	140	145	151	158	164	171
Administrative and General	280	288	297	306	315	325	334	344	355	365
Energy Expenses/ Utilities	72	83	95	107	119	122	126	130	133	137
Property Operations and Maintenance	96	111	126	143	158	163	168	173	178	183
Supplies	40	41	42	44	45	46	48	49	51	52
Insurance	124	148	175	204	233	242	252	263	273	285
Miscellaneous	83	88	94	99	105	109	112	116	120	123
Total Expenses	**$1,651**	**$1,758**	**$1,870**	**$1,990**	**$2,108**	**$2,176**	**$2,245**	**$2,318**	**$2,392**	**$2,469**
Net Operating Income (Deficit)	**($614)**	**($524)**	**($423)**	**($311)**	**($202)**	**($195)**	**($188)**	**($179)**	**($170)**	**($160)**
Reserve for Replacement	$25	$30	$35	$41	$47	$48	$50	$53	$55	$57
NOI(D) after Reserve for Replacement	**($639)**	**($553)**	**($458)**	**($351)**	**($248)**	**($244)**	**($238)**	**($232)**	**($225)**	**($217)**

Source: Johnson Consulting

As shown in the table, in Year 1, the facility is projected to start off with $1 million of operating revenues, $1.65 million of expenses, and $614,000 of net operating deficit, before reserve of replacement. In Year 5, the facility is projected to generate $1.9 million of operating revenues for $2.1 million of expenses, leading to a net operating income of $202,000 before reserve of replacement. After reserve of replacement taken into account, the operation of the facility is projected to have an operating deficit of ($639,000) in Year 1, improving to ($248,000) in Year 5.

REVENUE ASSUMPTIONS

Key revenue assumptions used for the pro-forma are described as follows.

Table 6-8

McMinnville, Oregon Conference Center Revenue Assumptions		
Line Item	**Assumptions (Year 1)**	
Space Rental		
General Rental Use	$0.15	/ gross square foot days
For Entertainment/ Concerts	$4,500	/ event
Food and Beverage Sales (Gross)		
Conventions/ Trade Shows	$20.00	per cap
Consumer Shows/ Festivals	$9.00	per cap
Meetings/ Conferences	$9.00	per cap
Banquets/ Social	$25.00	per cap
Entertainment/ Concerts	$9.00	per cap
Other	$5.00	per cap
Cost of Goods Sold	35%	of gross F&B sales
Equipment Rental and Event Services	20%	of Space Rental
Advertising Revenue		
Total Value of Available Advertising Spaces	$50,000	per year
% Sold	90%	of total available
Net to Facility	50%	of revenue
Miscellaneous	3%	% of total revenue

Source: Johnson Consulting

- **Rent** – is one of the main sources of income for the facility. Rental revenue includes any charges generated from renting out the facility. For concerts and entertainment events, rentals are based on a flat rate of $4,500 per event. For all other events, rates are based on the length and size of events. The assumptions for a rental scenario are summarized in Table 6-8. All rental rates are inflated at three percent annually.

- **Net Food and Beverage** – Revenue for net food and beverage sales are assumed for events within the facility at per attendee rate shown in Table 6-8. Cost of the goods sold is assumed at 35 percent.

- **Equipment Rental and Event Services** – include revenues from services and reimbursements for labor provided to exhibitors, concert promoters, and other facility users. Facilities charge its users for a range of services, including electrical, cleaning, telephone, Internet connections, decorating, audio-visual, and security services. The facility will receive revenue from the provision of these services, either through direct charges for services provided by facility staff, or through shared revenues from services provided by third-party vendors. The projections assume event services and cost recovery revenue amounts to 20 percent of space rental revenues.

- **Advertising** – The projections assume that there is $50,000-worth of available advertising spaces in the facility, of which 90 percent is sold, from which the facility receives 50 percent. Depending on strategic placements and number of such ads spaces, these revenues could be higher.

- **Miscellaneous Revenue** – is calculated as three percent of total revenues. They include items that are not considered in the previous categories such as interest, vending machine income, cloakroom/ coat checks, and other miscellaneous amounts.

EXPENSE ASSUMPTIONS

Johnson Consulting has generated estimated expenditures for the facility, based upon comparable facilities and other knowledge of the industry. For expense assumptions, early years show a fairly large operating deficit. Some of this reflects pre-opening expenses amortized through the first two years of operation.

- **Salaries and Wages** – The facility is expected to employ a total of 13 full-time equivalent staff. Table 6-9 displays the number of personnel at the McMinnville Conference Center, including salaries. Total salaries and wages are estimated at 654,000 in Year 1. Salaries and wages are adjusted at three percent annually for inflation.

Table 6-9

McMinnville, Oregon Conference Center
Staffing and Salaries

	# of Staff	Salary/ Staff	Amount
General Manager	1	$95,000	$95,000
Sales Director	2	$70,000	140,000
Assistant Manager	1	$35,000	35,000
Operations Personnel	6	$45,000	270,000
Office Personnel	3	$38,000	114,000
Total Salaries	**13**		**$654,000**
Benefits		35%	$228,900
Total Salaries and Benefits			**$882,900**

Source: Johnson Consulting

- **Benefits** – Employees benefits are estimated at 35 percent of total salaries and wages, for a total of $228,000 in Year 1.

Other key assumptions used for Marketing through Reserve for Replacement on the expense side of the pro-forma are shown on Table 6-10 and described on the following bullet points.

Table 6-10

McMinnville, Oregon Conference Center Expense Assumptions		
Line Item	**Assumptions (Year 1)**	
Salaries and Wages	$654,000	per year
Employee Benefits	35.0%	of salaries
Marketing Expenses	6.0%	of Gross Revenue
Administrative and General	$7.00	per SF of function space
Energy Expenses/ Utilities	$300	/ used day
Property Operations and Maintenance	$400	/ used day
Supplies	$1.00	per SF of function space
Insurance	10.0%	of Gross Revenue
Miscellaneous	5.0%	of total expenses
Reserve for Replacement	2.0%	of Gross Revenue

Source: Johnson Consulting

- **Marketing** – For marketing expenditure, the projections allocate 6 percent of Gross Revenues.
- **Administrative and General** – Other administrative and general expenses include any general office expenditures related to day-to-day operations of the facility. It is estimated at $7.00 per net square foot of the facility's function space for a total of $280,000 in Year 1. If the facility program is reduced, i.e., made smaller, the overall expense line item will decrease.
- **Energy Expenses/ Utilities** – Utility expenditures are estimated at $300 per use day of the facility, starting at $72,000 in Year 1.
- **Property Operations and Maintenance** – Operations and maintenance expenditures are estimated based upon the number of used days at the facility. For each used day, $400 is estimated for operations and maintenance expenditures.
- **Supplies** – are projected at $1.00 per net square foot of function space (examples in Miami Beach CC and Washington State CC average $1.02 per square foot of function space).
- **Insurance** – Are based on premium paid by facilities that are similar to the planned facility and are projected at 10 percent of Gross Revenue.
- **Miscellaneous Expenses** – Other operating expenditures include any additional expenses not accounted for in the above categories. Other operating expenditures are estimated at 5.0 percent of total expenses.

- **Reserve for Replacement** – Reserve for replacement for future capital needs is estimated at 2.0 percent of Gross Revenues.

CONCLUSION – OPERATING RESULTS

The McMinnville Conference Center is expected to perform competitively, in terms of demand. While many variables are still to be defined, there is sufficient event demand in the marketplace that is currently unaccommodated. The market will support a facility of this size and stature, if located in proximity to the existing hotel supply, and the management team works to adequately penetrate the regional market and attract a high enough caliber of entertainment acts to achieve regional demand. The community is of high enough stature to attract demand.

Table 6-11 summarizes the projected event demand, attendance, and operating income of the recommended McMinnville Conference Center.

Table 6-11

McMinnville, Oregon Conference Center Summary of Potential			
# of Demand	Year 1	Year 5	Year 10
Exhibit Events	16	35	35
Non-Exhibit Events	108	132	132
Total	124	167	167
Attendance	Year 1	Year 5	Year 10
Exhibit Events	13,200	33,310	36,775
Non-Exhibit Events	18,900	28,604	31,658
Total	32,100	61,914	68,433
Financials ($000)	Year 1	Year 5	Year 10
Operating Revenue	$1,037	$1,906	$2,309
Operating Expenses	$1,651	$2,108	$2,469
Net Operating Income	($614)	($202)	($160)
Reserve for Replacements	$25	$47	$57
NOI After Reserve for Replacement	($639)	($248)	($217)

Source: Johnson Consulting

Operationally, the McMinnville Conference Center is estimated to require an annual subsidy of declining amounts over time as the facility stabilizes. In many communities, such operating deficits are often offset by taxes that are paid by visitors, e.g., hotel/ motel tax, auto rental tax (from the airport), and cetera. An economic and fiscal impact analysis will allow communities to explore and assess various options.

FUNDING AND OWNERSHIP CONSIDERATIONS

The proposed ownership of the facility requires consideration, whether it is public, non-profit, or private. Several options are possible for ownership and operation of the proposed facility. Options for public, non-profit, and private ownership/operation are presented below.

- **Non-Profit** – For the McMinnville Conference Center it is recommended that a non-profit organization be used as an advisory and fundraising resource to help steward the mission of the facility. Fundraising and grants are both critical elements to construction funding, as well as supporting ongoing operations and education programs. A non-profit organization could be used for this purpose and is a critical path item for advancing the project.

- **Public** – A number of conference center facilities are owned by municipalities throughout the nation, including small communities similar to McMinnville. In those cases, ownership has been retained upon completion of construction through operation. However, ownership of a facility does not necessarily mean municipal operation. Typically, when a municipality engages in facility operation, the facility is operated as part of the parks and recreation department, as an autonomous enterprise fund, or by a not-for-profit corporation that distances the city's influence and brings arts and entertainment business expertise to the project. The funding plan that is devised typically addresses ongoing operational support and the not-for profit corporation then undertakes capital and operating program campaigns. The Oregon Convention Center is owned and operated by Metro, its success directly affects the economic health of the City. The Convention Center's expansion was financed through a unique mix of funds from three separate governmental entities. Resources from Metro totaled $5.0 million, Tax Increment Financing totaled $5.0 million, and the remaining over $100 million was funded through a combination of hotel/motel taxes and car rental fees. General taxpayer dollars were not used to fund the project. The vast majority of the funding comes from visitors to Portland and from facility events. Financing the expansion of the Convention Center focused on using projected revenues from anticipated increases in tourist and convention activities.

- **Private** – Private ownership would require development of the facility by the private sector, an unrealistic expectation for this market. Operation by a private management company could be considered. A private management company would not be expected to take capital risk on this project, due to operational economics. If an anchor tenant is secured, such as a home location for an act, a capital investment could be achieved. As previously envisioned, the facility is designed to enhance the well-being of the community with ancillary economic benefits. While it would be possible to retain a private management company and still enjoy these benefits, some community groups may not be able to utilize the facility, as higher revenue generating tenants will be more desirable to the private operators of the facility. The Aviation Museum could be part of a private funding model, as they had proposed a hotel and conference center under prior ownership. A tie-in with the water park could be a successful model. Multiple hotel sites could be master planned in this area and taxes from them could be part of the funding plan for such a facility. The wine industry could also view this as an investment to advance their mission in the County.

City of McMinnville

City Recorder Use
Final Action:
☐ Approved ☐ Disapproved

Liquor License Recommendation

BUSINESS NAME / INDIVIDUAL: __WD Lambert LLC_DBA Geraldis_______
BUSINESS LOCATION ADDRESS: __226 NE 3rd Street_________
LIQUOR LICENSE TYPE: _________Limited On-Premsis__________

Is the business at this location currently licensed by OLCC
☐ Yes ☑ No
If yes, what is the name of the existing business:
____

Hours of operation: _11 am- 7 pm Sunday, 11 am-8 pm Monday-Thursday, 11 am – 9 pm Friday and Saturday____
Entertainment: __N/A_____________
Hours of Music: __N/A_____________
Seating Count: ___62; 50 restaurant, 4 bar, 8 outdoors_______

EXEMPTIONS:
(list any exemptions)

Tritech Records Management System Check: ☑ Yes ☐ No
Criminal Records Check: ☑ Yes ☐ No
Recommended Action: ☑ Approve ☐ Disapprove

_______________________ Chief of Police / Designee

_______________________ City Manager / Designee

City of McMinnville

City Recorder Use

Final Action:
☐ Approved ☐ Disapproved

Liquor License Recommendation

BUSINESS NAME / INDIVIDUAL: ___Main et Coeur___________
BUSINESS LOCATION ADDRESS: ___2803 NE Orchard Ave McMinnville_________
LIQUOR LICENSE TYPE: ___________Winery____________________

Is the business at this location currently licensed by OLCC
☑ Yes ☐ No
If yes, what is the name of the existing business:
____

Hours of operation: __N/A___
Entertainment: ______N/A__________
Hours of Music: ______N/A___________
Seating Count: ______N/A_____

EXEMPTIONS:
(list any exemptions)

Tritech Records Management System Check: ☑ Yes ☐ No
Criminal Records Check: ☑ Yes ☐ No
Recommended Action: ☑ Approve ☐ Disapprove

Chief of Police / Designee

City Manager / Designee

City of McMinnville

City Recorder Use

Final Action:
☐ Approved ☐ Disapproved

Liquor License Recommendation

BUSINESS NAME / INDIVIDUAL: ___Bierly Brewing LLC________
BUSINESS LOCATION ADDRESS: ___214 NE 11th Street McMinnville________
LIQUOR LICENSE TYPE: __________Brewery-Public House______________

Is the business at this location currently licensed by OLCC
☐ Yes ☑ No
If yes, what is the name of the existing business:
____

Hours of operation: _12 pm – 8 pm Tuesday - Sunday____
Entertainment: ___N/A_____________
Hours of Music: ___N/A_____________
Seating Count: _____16; 4 standing spaces (no minors), 16 seating locations (minors allowed)_______

EXEMPTIONS:
(list any exemptions)

Tritech Records Management System Check: ☑ Yes ☐ No
Criminal Records Check: ☑ Yes ☐ No
Recommended Action: ☑ Approve ☐ Disapprove

____
Chief of Police / Designee

____
City Manager / Designee

City of McMinnville
City Attorney's Office
230 NE Second Street
McMinnville, OR 97128
(503) 434-7303

www.mcminnvilleoregon.gov

MEMORANDUM

DATE: **May 22, 2018**

TO: Jeff Towery, City Manager

FROM: David Koch, City Attorney

SUBJECT: Option and Tower Lease Agreement with Verizon Wireless, LLC

Council Goal:

Plan for and Manage Financial Resources

Report in Brief:

The proposed Option and Tower Lease Agreement would grant Verizon Wireless, LLC, an option to lease space on the City of McMinnville's emergency communications tower and ground space adjacent to the tower for equipment. The value of the Option is $6,750 for six months, or $14,250 for the full year. If Verizon exercises the option, the lease would be for a term 15 years at a starting annual lease rate of $27,000, increasing 2% each year.

Background:

In October of 2015 representatives for Verizon Wireless, LLC, approached the City with a proposal to lease a portion of the City's emergency communications tower located in the Fire Department parking lot, along with a portion of the ground space adjacent to the tower, for the installation and operation of cellular communications equipment.

Negotiations between the City and Verizon have resulted in several changes to Verizon's proposed lease which has resulted in:

- Reduction of the requested ground lease space from 230 sq. ft. to 171 sq. ft. (reducing impacts to Fire Department parking lot);
- Reduction in the total term of the lease from 25 years to 15 years;
- Payment to the City during the option period of up to $14,250;
- An increase in the proposed starting annual lease rate from $21,000 to $27,000; and,
- Inclusion of significant protections for the City related to any possible interference with City operations caused by Verizon's activities or future public need for the tower and ground space

The City Attorney, City Manager and Fire Chief have reviewed the final proposed lease terms and recommend approval of the lease by the City Council.

Discussion:

The proposed option and tower lease agreement with Verizon would grant Verizon Wireless, LLC, a 6-month option to lease space on the City of McMinnville's emergency communications tower and ground space adjacent to the tower for equipment. During the initial Option period, Verizon will pay the City $6,750, for exclusive rights to lease the tower and adjacent ground space, while they complete all required permitting for the improvements. The agreement allows Verizon to extend the option for one additional six-month period in exchange for an additional payment of $7,500.

If Verizon elects to exercise the Option, then they will receive a tower and ground lease for a term of up to 15 years, at a starting annual rent of $27,000. The lease area includes approximately 12 feet of vertical space on the City's Tower, 171 sq. ft. of land space adjacent to the tower for equipment, and a 6 ft. wide utility easement for the installation and maintenance of underground wires, cables and conduits. Starting with the seventh year of the lease, the City has the option to terminate the lease upon finding that termination is in the public interest. In addition, the lease includes a strict prohibition against any measureable harmful interference with the City's use of the communications tower, and the City may terminate the lease if Verizon takes all necessary steps to prevent such interference. Verizon may terminate the lease with three months' notice and the payment to the City of a lease termination fee equal to one-year's rent.

During the course of negotiations, Verizon agreed to shorten the term of the lease from 25 years to 15 years, to decrease the ground space from 230 to 171 sq. ft. and to increase the starting rental rate from $21,000 to $27,000, in exchange for a two-percent cap on annual rent increases. In addition, Verizon agreed to a one-year limit on its rights to start the lease term and to make immediate option payments to the City, in exchange for exclusive rights to the tower space during the one-year option period.

The Council approved the Agreement through Resolution 2018-06 on January 23, 2018, on the condition that Verizon return an executed Agreement to the City by not later than February 23, 2018. Unanticipated delays in the review process at Verizon resulted in a delay in the execution and delivery of the executed Agreement documents until late April 2018. The City has now received the executed Agreement and seeks Council affirmation of its prior approval and authorization for the City Manager to execute the Agreement Documents.

Attachments:

Proposed Option and Tower Lease Agreement

Recommendation:

Approve Resolution 2018-___, Extending the Approval of an Option and Tower Lease Agreement with Verizon Wireless, LLC, amending Resolution 2018-06.

RESOLUTION NO. 2018-23

A Resolution Extending the Approval of an Option and Tower Lease Agreement with Verizon Wireless, LLC; amending Resolution 2018-06.

RECITALS:

On January 23, 2018, the City Council passed Resolution 2018-06, approving an Option and Tower Lease Agreement (Agreement) for Verizon to lease space on the City's emergency communications tower located at the City's Fire Station. Resolution 2016-06, authorized the City Manager to execute the Agreement, provided that the City received an executed Agreement from Verizon by not later than February 23, 2018.

Unanticipated delays in the review process at Verizon resulted in a delay in the execution and delivery of the executed Agreement documents until late April 2018. The City has now received the executed Agreement and seeks Council affirmation of its prior approval and authorization for the City Manager to execute the Agreement Documents.

NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON as follows:

1. The Option and Tower Lease Agreement with Verizon is approved.
2. The City Manager is authorized to execute the Agreement.
3. This Resolution will take effect immediately upon passage.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the ___ day of _____ 2018 by the following votes:

Ayes: ____

Nays: ____

Approved this ___ day of _____ 2018.

____
MAYOR

Approved as to form:

____
CITY ATTORNEY

CITY OF MCMINNVILLE
Administration
230 NE SECOND STREET
MCMINNVILLE, OR 97128
503-435-5702

www.mcminnvilleoregon.gov

STAFF REPORT

DATE: May 22, 2018
TO: Mayor and City Councilors
FROM: Melissa Grace, City Recorder
SUBJECT: **Discussion on smoke free Third Street**

Police Chief Scales and City Attorney David Koch will present a draft Ordinance related to a smoke free Third Street. An action item related to the Ordinance will be on the June 12th City Council Agenda.

CITY OF McMINNVILLE
FINANCE DEPARTMENT
230 NE Second Street
McMinnville, Oregon 97128
www.mcminnvilleoregon.gov

MEMORANDUM

DATE: May 22, 2018

TO: Jeff Towery, City Manager

FROM: Marcia Baragary, Finance Director

SUBJECT: Resolution No. 2018-24: A Resolution adopting a supplemental budget for fiscal year 2017-2018 and making supplemental appropriations

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Discussion:

Oregon Local Budget Law allows a local government to prepare a supplemental budget when an occurrence or condition that was not known at the time the budget was prepared requires a change in financial planning (ORS 294.471). A supplemental budget increases total expenditures in a fund's adopted budget. If the increase is 10 percent or less of the funds expenditures the supplemental budget may be adopted at a regularly scheduled meeting of the governing body

Resolution No. 2018-24 proposes a supplemental budget in the **General Fund, Fire Department** and **Ambulance Fund** due to higher than anticipated personnel services and equipment costs incurred when City firefighters responded to Oregon wildfire conflagrations in August (Nena Springs and Milli Fires) and in September 2017 (Chetco Bar and Eagle Creek Fires). City firefighters also responded to two California conflagrations in October and December 2017.

The City has received reimbursement from the State of Oregon and California for costs incurred by the City for responding to the conflagrations. Reimbursement for direct payroll costs was based on number of hours worked and the firefighter's hourly rate. The City was also reimbursed for the overtime costs of covering shifts for the firefighters who were absent due to the conflagration. The City provided fire apparatus, as well, including an engine, brush rig, water tender, and a Chevy Tahoe. The State of Oregon and California reimbursed the City $175,305 and $211,910 respectively, for a total reimbursement of $387,215. Of the total, $276,942 was for personnel costs and $110,273 for equipment.

Because personnel services costs for firefighters are allocated to Fire Department and the Ambulance Fund, a supplemental budget is required for both the Fire Department and Ambulance. The supplemental budget reflects an increase of intergovernmental revenues of $235,113 and $152,102 in the Fire Department and Ambulance Fund, respectively.

In the Fire Department, the supplemental budget increases personnel services appropriations by $124,840 and equipment repairs and maintenance by $110,273. In the Ambulance Fund, the supplemental budget increases personnel services appropriations by $152,102.

Attachment:

Resolution No. 2018-24, a Resolution adopting a supplemental budget for fiscal year 2017-18 and making supplemental appropriations

Action:

A motion is needed to approve Resolution No. 2018—24.

RESOLUTION NO. 2018-24

A Resolution adopting a supplemental budget for fiscal year 2017-2018 and making supplemental appropriations

RECITAL:

Oregon Local Budget Law allows a local government to prepare a supplemental budget when an occurrence or condition that was not known at the time the budget was prepared requires a change in financial planning (ORS 294.471). The governing body must adopt a resolution to adopt the supplemental budget and make any necessary appropriations.

A supplemental budget is necessary in the General Fund, Fire Department, and the Ambulance Fund due to higher than anticipated personnel services and equipment costs incurred when the City responded to Oregon wildfire conflagrations in August and September 2017 and California conflagrations in October and December of 2017.

The City has received reimbursement from the State of Oregon and California for costs incurred by the City for responding to the conflagrations. The State of Oregon and California reimbursed the City $175,305 and $211,910 respectively, for a total reimbursement of $387,215. Of the total, $276,942 was for personnel costs and $110,273 for Fire Department equipment.

Personnel services costs for City firefighters are allocated 35 percent to the Fire Department and 65 percent to the Ambulance Fund. Therefore, the Oregon and California reimbursements for personnel are allocated to intergovernmental revenue in the Fire Department and Ambulance Fund, accordingly. The reimbursement for Fire equipment is allocated to the Fire Department.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, as follows:

1. **Adopt the following Supplemental Budget:** The Council of the City of McMinnville adopts the following Supplemental Budget for 2017-2018 in the General Fund, Fire Department, and Ambulance Fund.

2. **Make Supplemental Appropriations:** The additional appropriations for fiscal year 2017-2018 are hereby appropriated as follows:

General Fund, Fire Department resource and requirement increases of $235,113, with an appropriations increase of $124,840 in the personnel services category and $110,273 in the materials & services category, due to higher than anticipated personnel services and equipment costs related to City fire conflagration response.

General Fund:	Adopted Budget	Budget Adjustment	Amended Budget
Resources:			
Beginning Fund Balance	$ 5,988,535		$ 5,988,535
Property Taxes	12,382,150		12,382,150
Licenses & Permits	2,434,850		2,434,850
Intergovernmental	1,455,008	235,113	1,690,121
Charges for Services	1,448,953		1,448,953
Fines & Forfeitures	554,800		554,800
Miscellaneous	763,419		763,419
Transfers In	1,958,059		1,958,059
Total Resources	$26,985,774	$235,113	$27,220,887
Requirements:			
Administration	1,173,438		1,173,438
Finance	764,389		764,389
Engineering	1,035,290		1,035,290
Planning	693,772		693,772
Police	8,246,883		8,246,883
Municipal Court	515,651		515,651
Fire	3,018,518	235,113	3,253,631
Parks & Recreation	2,714,181		2,714,181
Park Maintenance	1,176,863		1,176,863
Library	1,600,625		1,600,625
Not Allocated to Organization:			
Debt Service	423,775		423,775
Transfers Out to Other Funds	2,059,242		2,059,242
Operating Contingencies	900,000		900,000
Ending Fund Balance	2,663,147		2,663,147
Total Requirements	$26,985,774	$235,113	$27,220,887

Ambulance Fund resource and requirement increases, with an appropriations increase of $152,102 in the personnel services category, due to higher than anticipated personnel services related to City firefighter conflagration response.

Ambulance Fund:	Adopted Budget	Budget Adjustment	Amended Budget
Resources:			
Beginning Fund Balance	$1,529,575		$1,529,575
Intergovernmental	12,500	152,102	164,602
Charges for Services	3,895,000		3,895,000
Miscellaneous	32,800		32,800
Transfers In from Other Funds	800,000		800,000
Total Resources	$6,269,875	$152,102	$6,421,977
Requirements:			
Emergency Medical Services	4,420,515	152,102	4,572,617
Transfers Out to Other Funds	325,092		325,092
Contingency	300,000		300,000
Ending Fund Balance	1,224,268		1,224,268
Total Requirements	$ 6,269,875	$152,102	$ 6,421,977

This Resolution will take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 22nd day of May 2018 by the following votes:

Ayes:____

Nayes:____

Approved this 22nd day of May 2018.

____
MAYOR

Approved as to form:

____
CITY ATTORNEY

CITY OF McMINNVILLE
FINANCE DEPARTMENT
230 NE Second Street
McMinnville, Oregon 97128
www.mcminnvilleoregon.gov

MEMORANDUM

DATE: May 22, 2018

TO: Jeff Towery, City Manager

FROM: Marcia Baragary, Finance Director

SUBJECT: Resolution No. 2018-25: A Resolution adopting a supplemental budget for fiscal year 2017-2018 and making supplemental appropriations

Discussion:

Oregon Local Budget Law allows a local government to prepare a supplemental budget when an occurrence or condition that was not known at the time the budget was prepared requires a change in financial planning (ORS 294.471). A supplemental budget increases total expenditures in a fund's adopted budget and may be adopted at a regularly scheduled meeting of the governing body

Resolution No. 2018-25 proposes a supplemental budget in the **Airport Maintenance Fund.** Several unforeseen costs related to construction projects have been identified. For example, while working on the 4-22 Runway Rehabilitation Project, additional costs were incurred for the removal and replacement of unknown utility vaults, the need for additional storm conveyance infrastructure, unsuitable soil excavation and stabilization, and a Federal Aviation Administration (FAA) flight check. In addition, the FAA has approved and committed funding for the next Airport Improvement Project, which is an Apron/Taxilane reconstruction project that will begin design work in 2017-18. Matching funds for the Apron/Taxilane Project will come from the Oregon Department of Aviation's Critical Oregon Airport Relief (COAR) Program grant fund. A supplemental budget is required because these costs were not included in the original engineering and construction contracts but will be covered in a forthcoming amendment to an existing FAA grant.

The supplemental budget increases materials and services appropriations in the Airport Maintenance Fund from $562,386 to $581,451 and capital outlay appropriations from $5,611,441 to $6,181,007 for a total increase of $588,631. The supplemental budget also increases intergovernmental revenue by $588,631 to reflect additional FAA grant funds that are available to pay the unexpected costs.

Depending on the weather and the progress of construction projects, additional budget amendments may be necessary prior to June 30, 2018.

Attachment:

Resolution No. 2018-25, a Resolution adopting a supplemental budget for fiscal year 2017-18 and making supplemental appropriations

Action:

A motion is needed to approve Resolution No. 2018-25.

RESOLUTION NO. 2018-25

A Resolution adopting a supplemental budget for fiscal year 2017-2018 and making supplemental appropriations

RECITAL:

Oregon Local Budget Law allows a local government to prepare a supplemental budget when an occurrence or condition that was not known at the time the budget was prepared requires a change in financial planning (ORS 294.471). The governing body must adopt a resolution to adopt the supplemental budget and make any necessary appropriations.

This resolution proposes a supplemental budget for the Airport Maintenance Fund. Several unanticipated costs related to construction projects have been identified, including additional costs for the 4-22 Runway Rehabilitation Project and the addition of an Apron/Taxilane reconstruction project. A supplemental budget is needed because these costs were not included in the original engineering and construction contracts. The supplemental budget increases materials and services appropriations in the Airport Maintenance Fund from $562,386 to $581,451 and capital outlay appropriations from $5,611,411 to $6,181,007 for a total increase of $588,631.

The supplemental budget also increases intergovernmental revenue by $588,631 to reflect additional Federal Aviation Administration (FAA) grant funds that are available to pay the unanticipated costs.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, as follows:

1. **Adopt the following Supplemental Budget:** The Council of the City of McMinnville adopts the following Supplemental Budget for 2017-2018 in the Airport Maintenance Fund.

2. **Make Supplemental Appropriations:** The additional appropriations for fiscal year 2017-2018 are hereby appropriated as follows:

Airport Maintenance Fund resource and requirement increases due to the unanticipated project costs in 2017-2018.

Airport Maintenance Fund:	**Amended Budget**	**Budget Adjustment**	**Amended Budget**
Resources:			
Beginning Fund Balance	$ 808,459		$ 808,459
Intergovernmental	5,997,451	588,631	6,586,082
Charges for Services	249,210		249,210
Miscellaneous	16,800	-	16,800
Total Resources	$7,071,920	588,631	$7,660,551

Requirements:			
Materials & Services	562,386	19,065	581,451
Capital Outlay	5,611,441	569,566	6,181,007
Transfers Out to General Fund	123,902		123,902
Contingency	300,000		300,000
Ending Fund Balance	474,191	-	474,191
Total Requirements	$ 7,071,920	588,631	$ 7,660,551

This Resolution will take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 22nd day of May 2018 by the following votes:

Ayes:____

Nayes:____

Approved this 22nd day of May 2018.

MAYOR

Approved as to form:

CITY ATTORNEY

CITY OF MCMINNVILLE - CASH AND INVESTMENT BY FUND
February 2018

FUND #	FUND NAME	GENERAL OPERATING CASH IN BANK	INVESTMENT	TOTAL
01	General	$675,607.44	$10,140,255.51	$10,815,862.95
05	Special Assessment	101.27	147,618.82	147,720.09
07	Transient Lodging Tax	278.26	29,000.00	29,278.26
10	Telecommunications	810.09	1,030.00	1,840.09
15	Emergency Communications	803.71	154,094.81	154,898.52
20	Street (State Tax)	266.45	1,816,119.57	1,816,386.02
25	Airport Maintenance	318.33	(3,160,250.97)	(3,159,932.64)
40	Public Safety Facility Construction	98.50	2,805.24	2,903.74
45	Transportation	7,705,975.29	5,964,300.26	13,670,275.55
50	Park Development	252.92	1,248,960.50	1,249,213.42
58	Urban Renewal	614.28	423,139.19	423,753.47
59	Urban Renewal Debt Service	11.51	354,791.65	354,803.16
60	Debt Service	728.43	975,370.70	976,099.13
70	Building	20.93	1,238,500.00	1,238,520.93
75	Sewer	491.58	1,223,985.29	1,224,476.87
77	Sewer Capital	7.42	22,842,103.65	22,842,111.07
79	Ambulance	503.73	(182,164.72)	(181,660.99)
80	Information Systems & Services	709.74	205,713.61	206,423.35
85	Insurance Reserve	421.52	1,723,290.54	1,723,712.06
	CITY TOTALS	8,388,021.40	45,148,663.65	53,536,685.05

MATURITY DATE	INSTITUTION	TYPE OF INVESTMENT	INTEREST RATE	CASH VALUE
N/A	Key Bank of Oregon	Checking & Repurchase Sweep Account	0.20%	$ 8,388,021.40
N/A	Key Bank of Oregon	Money Market Savings Account	0.02%	7,005,017.07
N/A	State of Oregon	Local Government Investment Pool (LGIP)	1.74%	31,753,924.99
N/A	State of Oregon	Park Improvement Bonds (LGIP)	1.74%	687,249.82
N/A	State of Oregon	Transportation Bond (LGIP)	1.74%	4,319,321.73
N/A	State of Oregon	Urban Renewal Loan Proceeds (LGIP)	1.74%	708,743.82
N/A	MassMutual Financial Group	Group Annuity	3.00%	674,406.22
				$ 53,536,685.05